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ABSTRACT

The National Governors' Association's Making America Work initiative had a dual focus. Five task forces spent a year developing action agendas to address five barriers to self-sufficiency and productivity: teenage pregnancy, adult illiteracy, welfare dependency, alcohol and drug abuse, and dropping out of school. The second phase of the initiative dealt with the need to develop productive workers, create efficient workplaces, and support responsive communities. This report describes the actions taken by selected states with regard to these issues over the past year. The report examines state initiatives in the following areas: changing the way states define and solve problems (focusing on the interrelated nature of problems and the special needs of different age groups); changing the way states do business (assessing problems and establishing priorities, targeting individuals and tailoring services, sorting out responsibilities, and forging collaboration); developing productive workers (increasing program flexibility and responsiveness, and reorienting training to reinforce economic growth); developing efficient workplaces (stimulating technology development, encouraging labor-management cooperation, and assisting entrepreneurs); and supporting community diversification. (MN)

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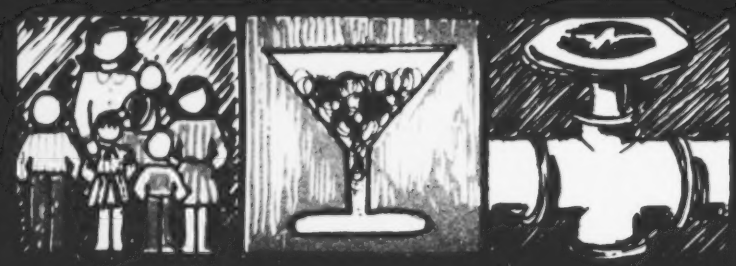
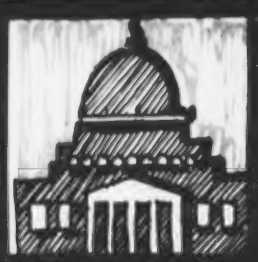


MAKING AMERICA WORK



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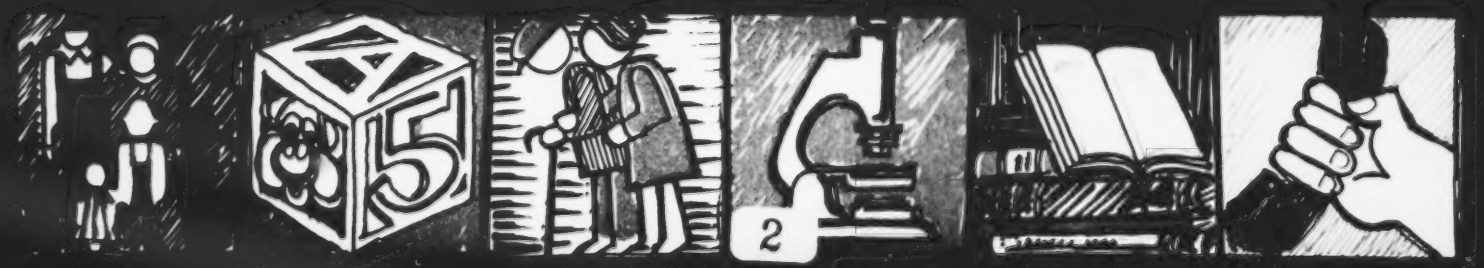

MAKING AMERICA WORK

Productive People, Productive Policies

FOLLOW-UP REPORT 1988

NATIONAL GOVERNORS' ASSOCIATION

National Governors' Association

The National Governors' Association, founded in 1908 as the National Governors' Conference, is the instrument through which the nation's Governors collectively influence the development and implementation of national policy and apply creative leadership to state issues. The association's members are the Governors of the fifty states, the commonwealths of Puerto Rico and the Northern Mariana Islands, and the territories of American Samoa, Guam, and the Virgin Islands. The association has seven standing committees on major issues: Agriculture and Rural Development, Economic Development and Technological Innovation, Energy and Environment, Human Resources, International Trade and Foreign Relations, Justice and Public Safety, and Transportation, Commerce, and Communications. Subcommittees and task forces deal with specific principal concerns of the Governors operate within this framework.

The association works closely with the administration and Congress on state federal policy issues from offices in the Hall of the States in Washington, D.C. The association serves as a vehicle for sharing knowledge of innovative programs among the states and provides technical assistance and consultant services to Governors on a wide range of management and policy issues.

The Center for Policy Research is the research and development arm of NGA. The center is a vehicle for sharing knowledge about innovative state activities, exploring the impact of federal initiatives on state government, and providing technical assistance to states. The center works in a number of policy fields, including agriculture, economic development, education, environment, health, social services, and trade.

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OVERVIEW

MAKING AMERICA WORK

What does the future hold for America? Last year, when I served as chairman of the National Governors Association, I asked the Governors to examine how we could do a better job of Making America Work by investing in our economic vitality and developing our human capacity. The latter task was especially critical because compared to many advanced economies in the world, America does a poor job of preparing its people to live in our highly competitive world.

Last summer at the National Governors Association meeting in Michigan, the Governors responded to my challenge with two reports, *Building Bridges to the Workplace* and *Jobs, Growth, and Competitiveness*. In these reports, we recommended action-oriented state policy initiatives designed to reduce barriers to productivity and increase economic growth.

In the past year, the states have taken much more action on these issues, and this follow-up report is overflowing with examples of innovative initiatives.

In addition to the steps the Governors have taken, there are other positive signs on the horizon. First, by 1995, our labor surplus will end as the number of new entrants into the work force decreases and the number of new jobs increases. That should drive unemployment down and incomes up.

Second, our industrial productivity has increased by almost 4 percent per year in the 1980s. U.S. manufacturing is becoming more competitive worldwide, and manufacturing jobs are coming back to America.

Third, the dollar is down to a more realistic level, strengthening our trading position.

Fourth, we have a vibrant enterprise economy of small businesses in the United States.

Still, if our people are to carry the load, we are in trouble. So the Governors are looking at the tough problems, admitting that we have them, and implementing policies and programs to deal with them head on.

But we must do more. In education, we must not only continue the effort to improve our public schools so our graduates can compete; we must also substantially increase the college going rate for all sectors of society. About 55 percent of our high school graduates go on to college. Those who attend college for at least two years tend to land good jobs with good futures. Those who don't tend to have trouble.

The Grant Commission on Work, Family, and Citizenship reports that high school graduates under age 25 were earning 28 percent less in 1986 than their counterparts were making in 1974. High school dropouts in the workforce were earning 42 percent less than their counterparts. Clearly today, more than ever, a good education is required to find and keep a good job. In this area, we are far behind competing nations that send their children to

"America won't work if Americans can't work, or learn, or believe in the promise of tomorrow."

Bill Clinton
Governor of Arkansas

DEFINING THE ISSUES

The United States faces compelling economic and human challenges in the 1990s. America must regain its competitiveness in an economy that is increasingly international in character, and must remove the barriers that keep too many Americans from an active participation in that economy.

The economic dimensions of the problem are stark. America's $100.4 billion trade deficit is clear evidence of the nation's declining competitiveness. Since 1986, American productivity has increased by only 11.5 percent a year, lagging well behind increases of 16.5 percent in western Europe and 40 percent in Japan. At the same time, capital investment as a share of total output was 9.6 percent in the United States, compared to 20.5 percent in Japan. Real income for the American worker has not grown since the mid-1970s.

However, the human dimensions are even more compelling. Girls in the U.S. under fifteen are five times more likely to give birth than adolescents in any other developed country for which data is available. More than 470,000 teenagers give birth each year, and the babies of these teenage mothers are at greater risk of developing permanent handicaps due to their increased likelihood of low birthweight.

More than one in seven youths fails to graduate from high school, and dropouts are more than twice as likely to be unemployed than high school graduates. Between 50 percent and 75 percent of the unemployed, one third of welfare mothers, 85 percent of juveniles appearing before the courts, and one half of prison inmates have minimal literacy skills. As much as 20 percent of the U.S. workforce lacks literacy skills, and persons without these basic skills find it much harder to adjust to the changing demands of the workplace.

One in ten adults in the workforce suffers from serious alcohol or drug abuse problems that can threaten their health, their jobs, and the safety and stability of their families. Additional tens of thousands of young Americans abuse drugs

> ***"Maintaining a good environment in which to raise a family is critical to economic development, productivity, and stable employees. Maintaining a good economic and work environment is critical to maintaining a healthy and stable family."***
>
> GEORGE A. SINNER
> Governor of North Dakota

and alcohol to the extent that their education and their future are endangered.

There is an enormous cost to these critical problems. Federal and state governments spend almost $43 billion annually to provide basic needs to poor families. Welfare costs grew 125 percent between 1980 and 1985, yet poverty remains a significant problem. Today, one in four children lives in poverty.

While it is a myth that most welfare recipients are in the program long term—more than 50 percent receive assistance for less than two years—fully one fourth are still in the program for ten years or more. At any given time, these long-termers make up the majority of the client caseload and receive most of the money spent on welfare.

If the United States is to make the best use of the talents and abilities of its citizens, the problems that lead to long-term welfare dependency or otherwise limit self-sufficiency must be addressed. The future of this country can be ensured by helping people avoid or overcome the barriers that undermine their potential.

This is made more difficult because the educational needs of the workplace are changing at the same time the nature of the workforce is changing. The workforce is growing slowly, and it is including more older workers, more women, and more disadvantaged. The average age of those in the workforce will climb from thirty-six today to thirty-nine by the year 2000. Almost two-thirds of the new entrants to the workforce between now and the end of the century will be women. Close to one-third of the workforce will be nonwhite. Immigrants will represent the largest share of the increase in population and the workforce since the first world war.

Clearly, more of those entering the workforce will be educationally disadvantaged—at a time when the workplace will require more skills than ever. More than half of the new jobs created between now and the year 2000 will require some education beyond high school, and almost one-third will be filled by college graduates. Today, less than one-fourth of all occupations require a college degree. Some companies estimate that worker skills and knowledge now become obsolete in three to five years; it used to take seven to fourteen years. Workers now and in the future need to be able to learn new skills quickly, and to adapt to change.

There is a tragic connection between the two dimensions of the challenges confronting the United States. To be productive, American workers must be better educated and better trained. To increase investment in research and development and generate new capital for critical infrastructure and business growth, the federal deficit and the demand for governmental services must be reduced. To maintain the standard of living, employment opportunities must be increased for all Americans and Americans must improve their ability to perform the more demanding jobs that will result from an ever-changing economy.

To be successful, the United States must bring down the barriers that make it difficult for individuals to be self-sufficient, and increase this nation's ability to compete. That means preventing teenage pregnancy, improving the educational system, increasing adult literacy, turning welfare to work, and reducing the costs of alcohol and drug abuse. It requires improving the quality of the workforce, increasing investment, and increasing productivity.

In *MAKING AMERICA WORK*, the Governors presented an action plan designed to meet these challenges. While more remains to be done, the states have responded. This report summarizes that state response and reconfirms the commitment to a competitive future for all Americans.

BRINGING DOWN THE BARRIERS

CHANGING THE WAY STATES DEFINE AND SOLVE PROBLEMS

BRINGING DOWN THE BARRIERS was at once a finale and an opening for a major initiative to make America work through productive people and productive policies. The report culminated a year-long effort in which five task forces developed action agendas to address five barriers to self-sufficiency and productivity: teenage pregnancy, adult illiteracy, welfare dependency, alcohol and drug abuse, and dropping out of school.

At the most fundamental level, the initiative was premised on the belief that addressing these barriers ultimately requires a strategy oriented toward prevention. Because barriers to self-sufficiency are interdependent and interrelated, policies and programs should address them collectively. Age group classifications can be used as a framework to organize service delivery strategies and to allocate resources. Finally, the initiative suggested ways to achieve more coherent, effective systems to serve those at risk, and urged a new look at how community partnerships are developed and organized.

The states' experience provides clear evidence that prevention strategies that invest in people to prevent later problems hold considerable human and economic benefits. For example, a recent study has demonstrated that for every $1.00 spent on prenatal care for women at high risk of delivering low birthweight infants, $3.38 can be saved. Moreover, it has been shown that $1.00 invested in the supplemental food program for women, infants, and children (WIC) saves $3.00 in future health costs by aiding healthy births. Further, longitudinal studies have indicated that quality preschool programs for at-risk children reduce the high school dropout rate, increase the likelihood of employment, and reduce welfare and crime rates after high school. They also are cost effective in the long run, saving $4.50 for each $1.00 spent.

Focus on the Interrelated Nature of Problems

Efforts to reduce the barriers to self-sufficiency must recognize the interrelated nature of these problems. The causes and consequences of teenage pregnancy and parenting frequently are linked to the causes and consequences of dropping out of school, substance abuse, welfare dependency, and adult literacy deficits. The underlying problems of poverty, low self-esteem, lack of a sense of positive life options, low educational aspirations and attainment, poor nutrition, and little or no preventive and/or primary health care have been consistently identified as factors that contribute to the five barriers.

One overriding presupposition of the NGA initiative is that it is important to begin thinking about these problems in a different way, recognizing their many common denominators. The propensity of policymakers to define and treat problems narrowly and in isolation must be overcome. Such narrowness stems, in part, from the fact that social science research disciplines are discrete. To a large extent, it also reflects the traditional separate program planning, funding, and delivery streams that characterize the nation's complex intergovernmental grant-in-aid system.

Individuals often face more than one barrier, and for many a single, one-time intervention will not suffice. Rather, different and multiple approaches from a number of programs and institutions will be required at various points in their lives.

Focus on Age

To ensure sufficient breadth and flexibility in responding to these problems, the focus should shift away from specific program approaches to more integrated strategies that capture the diverse needs of individuals. The NGA initiative encouraged states, localities, and the private nonprofit community to reorder the way they implement prevention strategies. The use of critical human development stages as an organizing framework to conceptualize problems, formulate program strategies, and allocate resources can result in more effective programs.

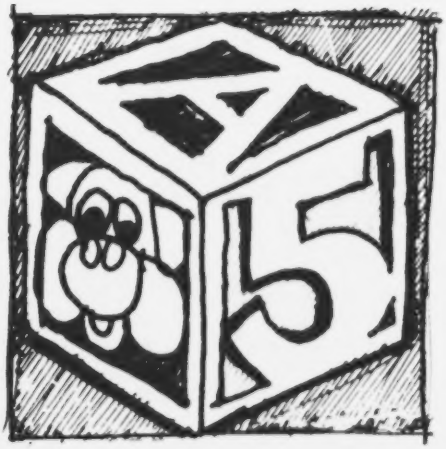
The report suggested using the following developmental stages:

- Infants under one year
- The very young, one to five
- The beginning years, six to ten
- The middle years, eleven to fourteen
- Adolescents, fifteen to seventeen
- Adults, eighteen or older

Different age groupings can be used; those suggested reflect meaningful school groups, as well as epidemiological, psychological, and sociological research into human development. By focusing on specific age categories and organizing prevention and intervention efforts around them, policymakers will be able to identify the institutions and organizations that need to be involved, assess the resources available or needed, determine duplication or gaps in service, and eventually evaluate programs directed to each group.

> ***"We have developed a strategy of intervention that allows us to identify problems early on and attack them. Much of our human services infrastructure today is focused on prevention: it is our goal to free future generations from dependency at the same time we are helping those who need our help today."***
>
> **MICHAEL N. CASTLE**
> Governor of Delaware

One critical lesson that emerged is that there are hidden costs in the ways government traditionally tries to respond to the problems of those at risk. Therefore important changes are needed. Specifically, the way problems are assessed, the way systems and providers collaborate, the way delivery systems are organized, the way resources are allocated, and the way the performance of people, programs, and institutions is measured—all must be altered if those at risk of failure are to have true opportunities to become productive and self-sufficient.



States are experimenting with a full range of specific policy and program examples to address the problems of at-risk populations. This report builds on what some states have learned from previously noted efforts and discusses some new initiatives being undertaken in other states.

Assess the Problem and Establish Priorities

All too often the assessment of problems has been framed from the perspective of the systems needed to treat the symptoms of dysfunction. Assessment of the problem should lead to early intervention strategies that are tied to appropriate age groupings, and not just begin and end with add-on treatment programs that often are too little too late. Priorities can then be established along a continuum of services to address identified needs. Appropriate and reasonable short- and long-term objectives need to be established. An inventory of existing programs and available resources to identify gaps and duplication in services can save money and ensure more efficient use of resources. In 1987-88, several states established new priorities, refined old priorities, or directed resources in a different manner.

ALABAMA. Faced with a 37 percent school dropout rate, the second highest in the nation, Alabama state officials, led by the education department, appointed a task force. With representatives from school districts and schools, the task force was charged with developing a state dropout prevention plan. The task force ranked the identified causes for dropping out, and began to address the most common causes by recommending specific prevention policies and program strategies. The causes include poor attendance, disruptive behavior, lack of flexibility in the curriculum, retention, academic failure, and inappropriate placement.

The task force also brought together a group of school superintendents and juvenile court judges to recommend measures to reduce truancy, the most frequent cause of dropping out. It also has addressed the problem of reentry for students who have already dropped out by developing six measures local districts can use to facilitate the reentry process. The process also included identifying state resources that can help implement locally designed dropout prevention measures.

Without significant funding, the task force completed these tasks and worked closely with university researchers to conduct a study on dropouts, using funds provided by the Governor's office.

ARKANSAS. In 1987, the Governor formed working groups on adolescent pregnancy, literacy, school dropouts, substance abuse, and welfare prevention. The groups operate under the direction of his Subcabinet on Bringing Down the Barriers. The subcabinet, chaired by the Governor, includes the directors of general education, vocational-technical education, higher education, human services, health, employment security, and the Arkansas Industrial Development Commission. The working groups, which meet monthly, are made up of program specialists from the appropriate departments.

In April 1988, the Governor convened a statewide conference called Bringing

Down the Barriers for Youth 2000. The conference was designed to share success stories with community representatives in order to "hook them" on the Barriers Youth 2000 program, and to continue forging essential community partnerships.

The goals of the Barriers Youth 2000 program are to:

- increase youth employment by 20 percent;
- improve literacy and educational attainment and increase the graduation rate to 90 percent;
- increase participation in postsecondary education by 20 percent;
- reduce teenage pregnancy by 50 percent;
- reduce substance abuse by 50 percent; and
- reduce violent and accidental injuries and death by 20 percent.

The state prepared and disseminated a resource book that discusses each barrier, the nature of the problem or issue, solutions or strategies, and available educational materials. The state also prepared a directory of resources in areas such as teen pregnancy, health and education collaboration models for the preschool years, adolescent health, child care, substance abuse prevention, school dropout prevention, advocacy skills, youth employment, building community partnerships, vocational education, and college preparation.

The Barriers Youth 2000 campaign recognizes that accomplishing the goals will require sustained efforts at all levels. Funds must be appropriated, networks coordinated, additional programs developed and implemented, and leadership provided at both the state and local levels.

GEORGIA. The Governor has focused attention on the illiteracy problem this past year, asking the postsecondary education system to help organize the initiative. Georgia plans to address the serious gap in solid information about literacy by establishing a new Center for the Study of Adult Literacy at Georgia State University. Its initial task will be an accurate statewide assessment of illiteracy. The center also will assist all types of providers by developing and analyzing research on illiteracy, helping providers coordinate their efforts, and providing issue papers to state government and education officials. In addition, the state board of postsecondary vocational education has been asked to establish an office of adult literacy. Two million dollars has been requested for this new initiative.

MICHIGAN. An interagency policy planning team, made up of representatives from the legislature, the departments of education and labor, and the Governor's Cabinet Council on Human Investment, conducted research to assess the nature and extent of the school dropout problem and to make recommendations for state solutions. The objectives of the study were to describe the problem, identify successful strategies and develop a resource list of alternatives available to address the problems of dropouts and at-risk youth. Some of the key recommendations included:

- establishing a uniform dropout definition;
- implementing a comprehensive, standardized, and structured evaluation process;
- basing initial and continued funding on agreed-upon performance outcomes;
- implementing intervention immediately after a student drops out; and
- encouraging local initiatives and solutions appropriate to each location and population.

The recommendations also call for establishing a statewide center to disseminate information on effective programs, and for marketing programs and services specifically to dropouts.

MISSOURI. Under the Governor's leadership, Missouri has created a strong interagency, public-private sector partnership to support a broad-based literacy improvement effort. Following his own advice as chairman of NGA's Task Force on Adult Literacy, the Governor asked his Advisory Committee on Literacy to work with the state's economic development department. All Missouri businesses with 100 to 400 employees will be surveyed to determine their perception of employee literacy training needs. Seven regional workshops also will be conducted to teach businesses how to identify literacy needs within their own firms. In addition, the state will identify businesses and trade associations interested in operating programs at their work sites.

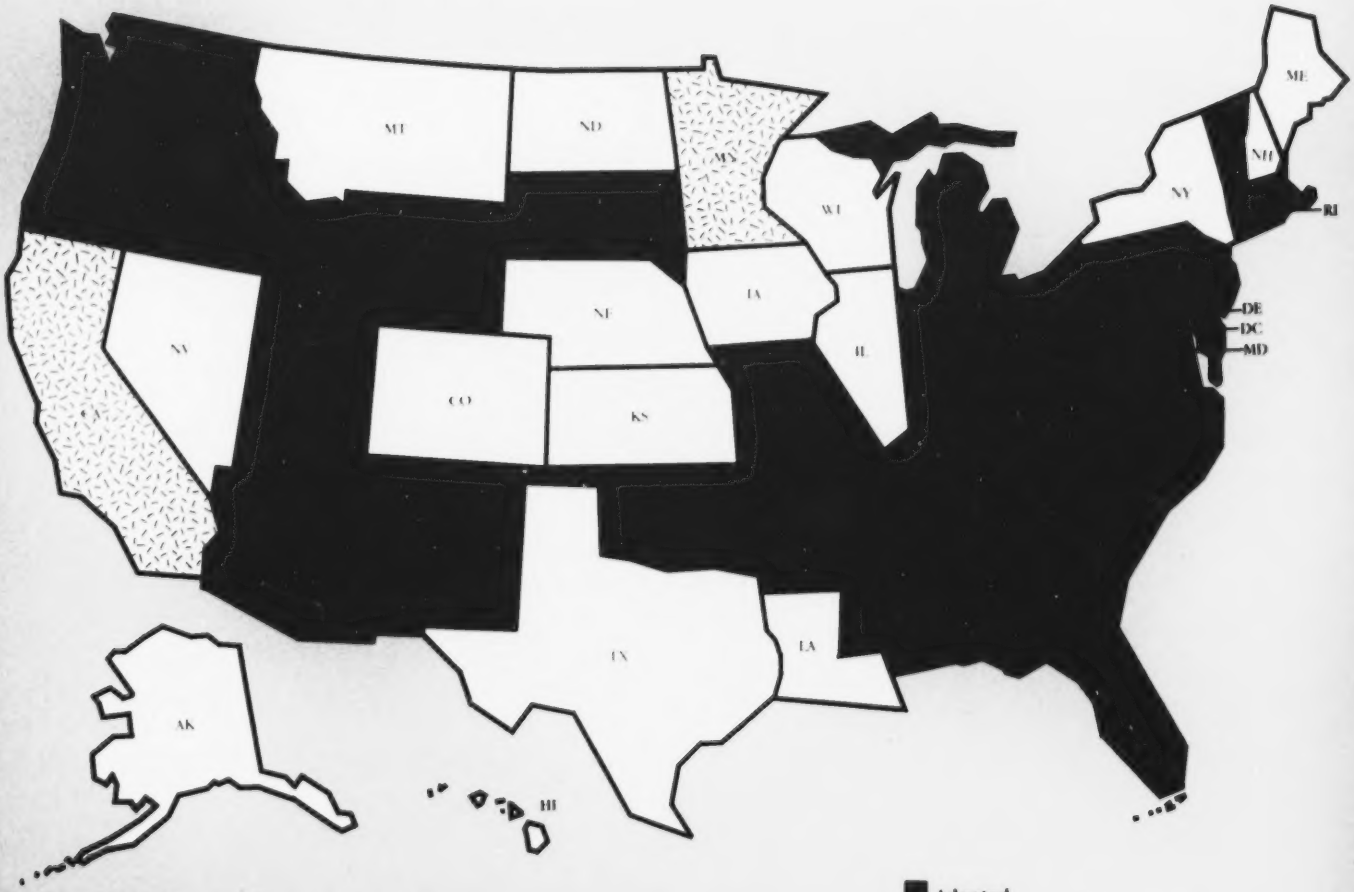
OKLAHOMA. Examining the relationship between adolescent pregnancy and the many problems facing children and young adults has been the focus of Oklahoma's efforts in 1988. The first step was to update information about children, youth, and families to pinpoint problem areas. Recent facts and statistics were released in a book published by the state titled *KIDS: A BRIGHTER TOMORROW.*

A statewide conference concentrating on issues affecting children, youth, and families was initiated to heighten aware-

ness among legislators, business people, and the news media. The conference also prepared participants to lead nine "listening conferences" around the state.

These listening conferences will allow local communities to have a voice in the formation of state policy. The issues to be addressed include the transition from adolescence to adulthood; pregnant women and infants; child abuse and neglect; preventive health services for children; the economic support of children and their families; and death and injury to children and youth as a result of accidents, suicide attempts, and drug abuse. These meetings will result in a state action plan, tentatively set to be announced by the Governor in his 1989 State of the State message.

MAP 1



SOURCE: *Reaching Women Who Need Prenatal Care: Strategies for Improving State Perinatal Programs,* NGA, Washington, DC, June 1988.

VERMONT. The Governor has focused on pregnancy prevention. A Task Force for the Prevention of Teen Pregnancy released its report in December 1987. Members included state level commissioners, key subcabinet officials, local service providers, and others. The report followed study, exploration of the issues, review of existing programs, and consensus building about the best ways citizens, not just government, could respond to the problem. The overall goals are linked to specific ages and the health department will monitor progress. Project goals are to:

- reduce the teen pregnancy rate for fifteen- to seventeen-year-olds by 50 percent by 1992;
- reduce the birth rate for fifteen- to seventeen-year-olds by 50 percent;
- prevent *all* pregnancies among girls fourteen and younger;
- reduce the low birthweight rate among infants born to teens by 50 percent;
- increase from 49 percent to 90 percent the number of pregnant teens who receive prenatal care in the first trimester;
- reduce the infant mortality rate among teens (infants from 11.6 per 1,000 births to 8.5 per 1,000); and
- reduce by 50 percent the number of second and third children born to mothers nineteen and younger.

The task force recommended services tailored to individual community needs and the empowerment of families to promote teens' self-esteem.

State agencies will develop a comprehensive health education curriculum (with input from community representatives), fund training programs for health care providers, and rearrange, where necessary, state programs and systems to enable communities to develop affordable, coordinated, holistic services to teens, their mates, and their babies. The initiative will use increased appropriations from a Children's Trust Fund to support parent/child centers across the state.

The Governor has accepted the recommendations and extended the term of the task force to oversee implementation.

Target Individuals and Tailor Services

As states have gained experience in prevention initiatives, they have begun to target resources for specific population groups, such as welfare recipients, and to tailor services to particular age or gender groups. For example, teen pregnancy prevention activities now focus on males as well as female youths. In addition, new prenatal and postnatal care initiatives are expanding throughout the country.

Of the multiple barriers faced by poor pregnant women and their children in this country, financial access to health services is one of the most critical. A significant step toward lowering that barrier was taken when Congress, acting on the recommendations of the nation's Governors, passed the Omnibus Reconciliation Act of 1986. This law allows states to raise Medicaid income eligibility thresholds for pregnant women and their young children as high as the federal poverty level (i.e., beyond the income limits for welfare eligibility in many states). States have responded at an encouraging rate. By April 1988, thirty-three states had expanded coverage for these critical populations. *(see Map 1)*

States have used resources available under the Job Training Partnership Act to target services to individuals at risk of chronic unemployment because they lack work experience and basic academic and job skills. States have accomplished this through discretionary programs and through the use of performance goals. States like Illinois have developed a systematic approach for adjusting national performance standards to encourage long-term services to those most in need. Other states, such as Wisconsin, have created additional state standards for target populations, including dropouts and recipients of Aid to Families with Dependent Children. Massachusetts and others have created financial incentives to encourage similar targeting.

State Welfare Reform Efforts. Governors have recognized that an important aspect of their efforts to restructure the welfare system and help recipients break away from the web of dependency must be improvement of recipients' basic literacy and other employment-related skills. Nearly thirty states include an educational service component in their work and welfare programs. Some focus on education as a predominant service or requirement, while others include educational services as one of a range of optional service components. Some programs target recipients who lack high school diplomas; others serve both the adult recipient and his or her children in an attempt to break the intergenerational cycle of dependency.

Work and welfare programs in **California, Maryland, Massachusetts, New Jersey,** and **Washington** feature a rich array of education and training services that can be tailored to meet the needs of individual welfare recipients and their families. Other states, such as **Missouri** and **Wisconsin,** are experimenting with the Learnfare concept in which minor parents and teenage children of welfare recipients are required to attend high school regularly.

Some programs, such as **California's** Greater Avenues for Independence (GAIN), are beginning to produce useful information on caseloads and operational considerations that other states can use to determine costs and to plan their own programs. Other states are just getting started. One question that will require close attention and evaluation by the states over the next few years is whether their increased investments in more intensive education and training services actually result in employment gains and welfare savings and, if so, which services are the most cost effective and efficient.

ARKANSAS. The needs of at risk youth have been outlined by two bodies: the advisory committee for an Edna McConnell Clark Foundation grant on dropout prone youth and the Governor's Subcabinet on Bringing Down the Barriers. As a result, two initiatives have been implemented to address this population. Arkansas is beginning a Youth Opportunities Unlimited (YOU) program, modeled after Texas' successful program *(see page 20)* which gives at risk youth the opportunity to participate in a summer education and work program on a college campus. The first group of fourteen- and fifteen-year-olds will participate in the summer of 1988 and plans are underway to expand the program next summer. YOU is funded by a number of different agencies.

In addition, Little Rock was one of five American cities chosen for the Annie E. Casey Foundation New Futures Grant, a five-year comprehensive program to improve school attendance and completion, enhance youth employment, and decrease the number of teenagers who are having babies. The Governor and the Subcabinet on Bringing Down the Barriers have made substantial state commitments to the project. In addition, the Governor appointed a New Futures for Arkansas Working Group, chaired by a member of the Governor's staff and including representatives from six departments. This group meets monthly to review the state's involvement in the grant, to address areas that need state assistance, and to identify program implications for the rest of the state.

CALIFORNIA. The state recently enacted legislation tailored to the needs of homeless families eligible for Aid to Families with Dependent Children (AFDC). Using the AFDC special needs program as a funding source, California now offers one-time only cash benefits to homeless families to pay their first month's rent in permanent housing. Without permanent housing, these families cannot begin to gather the resources needed to make self-sufficiency a realistic goal.

COLORADO. Averting the first pregnancy is a major goal of an initiative supported by foundations and federal funds. The Governor's wife and a group of legislative, religious, and business leaders are serving on a gubernatorial Council on Teenage Pregnancy to look at issues and problems related to teenage pregnancy and to recommend specific actions to address the problem. The council is reviewing a wide range of policy options, developing action plans, and conducting an educational campaign that includes a poster contest in schools. A public service video also is being developed for television.

DELAWARE. Delaware's Children at Risk Committee, composed of public and private sector representatives, studied the school dropout problem. It concluded that the confluence of demographics, technological change, and the global marketplace require restructuring the state's education system to provide services to children based on their age and particular needs. The committee recommended refining and codifying the definition of dropout and the conventions for reporting them; providing developmental child care funded by businesses, the state, and working parents; improving college teacher preparation to help new teachers deal with at-risk children; developing a program for parents of preschool and elementary students; reducing dramatically the number of children retained in a grade; and creating better linkages between the education and social service communities. In addition, extending the school year for at-risk children was recommended.

A committee of state and local public and private nonprofit representatives and business leaders has been assembled to implement the recommendations, beginning in two pilot school districts in the fall of 1988.

GEORGIA. A Male Involvement Program works with teenage boys in Athens' black, low-income neighborhoods to provide information on sexual responsibility. When initiated four years ago, it was offered by public health district staff. In the past year, these staff members have trained community groups to work with the youth. Local housing authority members, a college fraternity, local recreation department staff, and parents from a housing project are among the Athens citizens now carrying out the program. Topics include contraception, sexually transmitted diseases, male and female biology, decisionmaking, and life-planning skills. Among the 1,800 males who have participated in the program to date, only two have subsequently fathered children out of wedlock, a remarkable success rate.

"By helping families provide permanent, nurturing environments for their children, we build strength in two generations at one time. By keeping children and their parents together — and by intervening to help adults meet their children's needs — we reduce the chances of future failure and dependency among at-risk children."

JAMES J. BLANCHARD
Governor of Michigan

This year the Governor requested new funds to replicate the program, to provide other peer counseling programs for both males and females, and to support a school focused initiative to develop a comprehensive family life curriculum for grades one through twelve by 1990. The departments of education and human resources will jointly develop the courses. It will include material on AIDS as well as sex education appropriate for different ages. Districts that do not implement the curriculum can lose a portion of their state school funds.

ILLINOIS. The Parents Too Soon program, discussed in some depth in the Barriers report, received a Ford Foundation Innovations in Government Award in 1987. Funds are being used to expand the focus of the program to include the role of the young male. The state will host a national conference to focus more pregnancy prevention strategies on male behavior.

During the past year, the state began to consider teenage pregnancy as a dilemma for more than social services programs alone. The Illinois State Board of Education recently has released a book, *A TEENAGE SINGLE PARENT: IMPLICATIONS FOR EDUCATIONAL POLICY*, which examines the effects on the educational system of the increasing presence of single young mothers and their children.

KENTUCKY. Kentucky initiated programs to help parents and teachers learn to talk to children about alcohol. The programs are designed for statewide use. Training for parents is provided in a four-session program that presents facts about alcoholism and seeks to debunk myths about its causes, manifestations, and cures. Using this information, parents can thoughtfully discuss drinking with their children. Training for teachers is similar to the parents' program, but includes techniques to involve students. It has been used in forty-one public and eleven private schools and is targeted at teachers who work with grades five through ten. Courses for parents and teachers are offered at the same time to reinforce parents' rights and responsibilities to communicate about alcohol abuse and make parents a vital adjunct to the school curriculum.

The department of mental health and mental retardation services defrays some of the fees charged for workshops and materials through scholarships for participants. This program has been adopted by other states. It received a national award in October 1987 as one of twenty exemplary alcohol and drug abuse prevention programs in the country.

MAINE. Maine is organizing its decision-making process in new ways and targeting funds more efficiently as a result. An Interdepartmental Council, legislatively mandated and comprised of state commissioners, has selected teen and young adult health for high-level attention. A coordinated, interdepartmental initiative received a $1.5 million appropriation in the Governor's fiscal 1988 budget for comprehensive health and family life education in schools, pregnancy prevention programs aimed at young males, local action council grants to support community efforts, and direct services for adolescent parents and their children, including parenting training, well baby care, childbirth classes, teaching and tutorial services, housing assistance, and child care.

The value of organizing information about available services and making it easily accessible is often overlooked. Additional support for People in Retraining and Education (ASPIRE) does just that. Each regional office of the Maine Department of Human Services has access to the Electronic Resource Directory, which lists statewide services, agency providers, and geographic locations. Using this directory, staff can refer recipients to appropriate human resource agencies nearby.

MARYLAND. This state has developed a street outreach prevention model to educate addicts, especially intravenous (IV) drug users, about AIDS and drug treatment alternatives. Begun in fiscal 1986 as a pilot project, the Street Outreach for AIDS Prevention (SOAP) places recovered drug addicts as outreach workers in the Baltimore metropolitan area. The outreach workers cover known meeting places for IV drug users and their sexual partners. They provide AIDS related educational and prevention information to addicts, their sexual partners, and prostitutes in language those clients understand. They also refer addicts who want to "get off the needle" to treatment programs. The program currently is being expanded to other urban areas in the state.

MASSACHUSETTS. The commonwealth is integrating services for target populations, combining funds from several sources, establishing agency goals, offering challenge grants, and allocating new resources to fill service gaps.

Although Massachusetts has made substantial investments in education and training, the need for literacy services has exceeded capacity. In order to double literacy instruction by 1990, the state developed the concept of a literacy skills continuum to help set priorities and target resources. The continuum ranges from preliteracy to more advanced functional levels so that different groups can be moved from one level to the next. Target service levels were established for individuals with reading levels below the eighth grade, including dislocated workers, welfare recipients, young male dropouts, and mothers with preschool children. Because this effort required more intensive services than those usually provided through adult basic education programs, the assumed average annual cost per student was increased to $1,250 from the $468 usually budgeted.

The state's 1988 budget set up a $1 million Teenage Pregnancy Prevention Challenge Fund. The goal of the fund is to stimulate comprehensive coordinated local programs to prevent pregnancy, provide adequate access to health care for those who do become pregnant, and promote economic self-sufficiency for young families. The challenge fund already has helped nine communities that faced the most severe teen pregnancy problems plan and/or implement a comprehensive prevention program.

The CommonHealth program is directed toward overcoming the barrier of lost medical coverage, a problem welfare recipients often face when they accept jobs. Massachusetts' new universal health care law has expanded health care coverage for former Medicaid clients for up to twenty-four months. CommonHealth extends the services of health maintenance organizations (HMOs) and other managed care programs to clients who lose their Medicaid coverage because of increased earnings but who do not receive employer-sponsored health insurance.

MINNESOTA. In an effort to reach an estimated 600,000 functionally illiterate adults, Minnesota has become the first state to extend the concept of entitlement to a free education to individuals over the compulsory school attendance age. During the last year, a new program allows many adults who do not have high school diplomas to complete up to two years of study at no cost to them. They can study at a designated learning center located in a high school that has won local board approval for the program, or they can use the state's postsecondary options program, which permits high school juniors and seniors to attend colleges and universities and receive high school credit for their work. To be eligible for the program, adults must have completed tenth grade and must be receiving some form of public assistance, including unemployment insurance.

NEW JERSEY. One priority of this state's welfare reform initiative is the collection of child support payments for families who receive Aid to Families with Dependent Children. Last year, New Jersey was second in the nation in helping families leave welfare due to increased child support collections. In 1987, 10,557 cases were closed as a result of this initiative, with an estimated savings of $45.5 million. Other reforms include the upward modification of court-ordered child support to reflect improvements in the absent parent's financial situation, and a plan to institute automatic wage withholding for all absent parents. Absent fathers who need job training to secure employment can participate in the Teen Progress program, which these young parents enhance their skills and thus ultimately contribute to the support of their families. Others can receive training through REACH. (See page 19).

NEW MEXICO. New Mexico has identified the reduction of alcohol abuse among youth as a priority. The state has expanded by 100 percent the alcohol treatment services available to children under the age of eighteen. Using the findings of several state agencies, community networks, and task forces such as the Adolescent Pregnancy Prevention Task Force, the Coalition of Children's Foundations, and the New Mexico Council of Churches, the alcohol and drug abuse treatment and rehabilitation department attempts to identify high-risk youth for substance abuse prevention efforts. Parents of high-risk youth receive special training to help them identify possible substance abuse by their children. Training has been offered in special schools such as those for teen mothers. Training also has been given to providers whose service populations are primarily high-risk youth, including adoption workers, foster parents, juvenile probation officers, rape crisis center staff, and child protective services workers.

NORTH CAROLINA. Last year NGA's Task Force on Adult Literacy recognized that an important place to break the self-perpetuating, intergenerational nature of illiteracy and poverty is in the family, where attitudes about the value of education are formed. The task force recommended strategies to encourage parents to take an active role in developing good literacy skills in their children. Under a grant from the William R. Kenan Jr. Charitable Trust, North Carolina will begin implementing such a program within the state's schools during the 1988-89 school year. The Kenan Southern Regional Education Board Family Literacy Project combines quality early childhood education in public school for three- and four-year-olds with instruction to improve both the literacy and parenting skills of their undereducated parents. The program is based on Kentucky's Parent and Child Education (PACE) program, which began in 1986 and now operates in eighteen sites throughout Kentucky.

OHIO. Over the last five years, Ohio has successfully implemented work programs for welfare recipients as part of a reform plan that has proven to be cost-effective. In 1987, AFDC caseloads were reduced by approximately 2,141 cases, for a savings of $7.8 million in AFDC benefits and $6.9 million in Medicaid costs. The state is seeking to refine the program further. A new goal is to provide welfare mothers with preschool children (the largest segment of the welfare population) with the support services they need to work or obtain an education. Services for single mothers with children under age six will be financed from the savings resulting from the caseload reductions among two-parent AFDC families and single mothers with children over age six. The extended reform includes providing day care, career assessment, a twelve-month Medicaid extension, and more beneficial earnings disregards. The state estimates that 3,000 mothers with young children ultimately will leave the welfare rolls.

OKLAHOMA. Oklahoma identified a serious substance abuse problem among inmates of state correctional facilities. Therefore, it is funding an Offender and Inmate Rehabilitation Program. The program includes vocational training for male inmates who have completed at least two months of residential alcohol or drug treatment at a state hospital, and a special therapeutic community project for inmates who are "difficult to treat" drug users, with an emphasis on lifestyle changes, positive peer influence, esteem building, and vocational training and employment.

RHODE ISLAND. In 1987 the Governor became concerned about the state's dropout rates of 50 percent in inner city areas and 25 percent in suburban and rural areas, and recognized the need to improve adult basic literacy skills to ensure a competitive workforce. He established a statewide 1991 Task Force to study these problems and make recommendations. The resulting Literacy and Dropout Prevention Act authorized Project Success. The project has a twofold purpose: to help students acquire literacy skills beginning in the early grades and to reduce the number of school dropouts and, subsequently, the number of literacy-deficient adults.

The project addresses the literacy needs of students at different ages, giving special attention to educationally disadvantaged students. The legislation requires screening in the first grade to determine basic skill levels, a literacy focus in kindergarten through third grade, early intervention to address literacy problems in grades four through six, literacy remediation in grades seven and eight, and intensive remediation and dropout prevention in grades nine through twelve. The state education department received a $100,000 appropriation to help local districts implement the screening and remediation requirements. The legislation also provided $250,000 for competitive grants to districts to design and implement dropout prevention strategies and programs and to support a state-level advisory council to guide the initiative.

SOUTH DAKOTA. The state has used emergency treatment funds available under federal anti-drug abuse legislation to support increased outpatient program capacity, expand outreach efforts for special populations, and establish a halfway house for women addicted to drugs. In addition, a statewide adult and juvenile chemical dependency counseling and treatment program has been initiated in correctional facilities.

"A child is a person who is going to carry on what you have started. He is going to sit where you are sitting, and when you are gone, attend to those things which you think are important. You may adopt all the policies you please, but how they are carried out depends on him. He will assume control of your cities, states, and nations. He is going to move in and take over your churches, schools, universities and corporations. All your books are going to be judged, praised or condemned by him. The fate of humanity is in his hands."

ABRAHAM LINCOLN

"We have taken the first crucial steps toward welfare reform by eliminating the roadblocks that discourage self-sufficiency and by paving the way for public aid recipients to achieve economic independence."

JAMES R. THOMPSON
Governor of Illinois

"We need to ask more of our children. . . . We must ask that they use their ability to prepare to lead us into the twenty-first century and be ready to compete with youngsters not just in Georgia, Mississippi, Tennessee, and Florida, but in Japan, Western Europe, and Asia."

GUY HUNT
Governor of Alabama

Sort Out Responsibilities and Forge Collaboration

Another major theme permeating the Barriers task force reports was that state and local governments, the private and voluntary sectors, and community based providers need to assume new roles to formulate and implement prevention strategies. The key actors in public and private sector organizations must be involved early to create positive communication, sort out roles, identify and integrate resources, and develop a coordinated response. Ultimately, the process should help forge consensus, create ownership, and produce a workable design. Such collaboration is underway in many states. Every day more is being learned about what does and does not work.

To lend coherence to the planning process and rationality to the service delivery system, the responsibilities of various providers should be delineated. Case management should be the framework used to organize and integrate services. In addition, decisions must be made about the specific resource commitments (financial and otherwise) of each of the key collaborators and the ways in which such resources can be pooled or redirected to support prevention. This "sorting out" can ensure optimum utility and maximum impact of resources and strategies serving those at risk.

Recognizing the need to expand opportunities for adult learning and strengthen existing adult literacy programs, Governors in more than forty states have formed statewide literacy task forces and coalitions. They see adult illiteracy as more than just an education problem. In creating their own statewide literacy initiatives, they have turned to state library systems, education departments and labor agencies, state officials such as secretaries of state, and independent private and public nonprofit organizations.

A new generation of adult literacy initiatives is emerging as a result of the public-private and interagency partnerships that have been formed to carry out these programs (*see Map 2*). The JTPA system has been a driving force within states, supporting the expansion of literacy programs, especially those addressing workplace literacy needs. As state job training coordinating councils and local private industry councils have allocated resources to adult literacy programs, they often have insisted on imposing performance standards and using performance-based contracting to hold service providers accountable for the outcomes they achieve with students.

ARKANSAS. Forging collaboration between current service workers and former welfare mothers is the thrust of Helping Ourselves Means Education (HOME). The program is primarily a "buddy network" of volunteers who were formerly on welfare and who provide inspiration and information to current welfare recipients, thus helping them return to school or work. The Arkansas Department of Human Services launched the program by holding a conference where the Governor and a former welfare recipient announced the initiative.

CALIFORNIA. California established the Governor's Policy Council on Drug and Alcohol Abuse, which will develop a "comprehensive and coordinated statewide strategy for alcohol and drug abuse enforcement, treatment, and prevention." Included on the council are the attorney general and the superintendent of public instruction. The council coordinates state drug and alcohol programs that are funded through state and federal resources. In addition, the state has established a "gang suppression" program to combat youth gangs involved in drug trafficking.

COLORADO. In Colorado, the Governor initiated Communities for a Drug-Free Colorado, a three-year statewide effort to substantially reduce substance abuse across the state. The program is a

public private partnership cochaired by the Governor and the owner of the Denver Broncos. It brings together volunteers, schools, doctors, religious leaders, parents, and children to influence attitudes about the misuse of alcohol and drugs. The program is supported through a combination of private sector contributions and federal funds for a total to date of $12.5 million.

The program is being implemented through community teams. Support services will nurture these teams and help them with planning throughout the three years. The services include a statewide clearinghouse on training information and technical resources, technical assistance and grants for program implementation from the Governor's office and the departments of education, health, and public safety, public relations, media, and celebrity involvement to motivate and reinforce community participation, an incentive program to reward and recognize effective activities, and an evaluation to assess and track program effectiveness, including a cost benefit analysis.

MAP 2

Gubernatorial Initiative
Other

SOURCE: The State Literacy Initiative Network

CONNECTICUT. Initiatives begun in 1987 focus on two of the barriers to self sufficiency: dropping out of school and teen pregnancy. Both efforts seek to build community capacity and mobilize funding from multiple sources through a challenge grant program.

The teen pregnancy initiative began with $500,000 requested by the Governor and appropriated by the General Assembly. The Connecticut Department of Human Resources invited the departments of children and youth services, income maintenance, health services, and education to participate in a state interagency team to plan and operate the teen pregnancy community initiative. The team coordinates efforts by state agencies, marshals resources to avoid duplication of services, and provides technical assistance to funded sites.

Challenge grants were targeted to five municipalities with the highest rates of teen births. Applications for funding were required to demonstrate or possess the following:

- a commitment to broad based community involvement and collaboration in planning and implementing teen pregnancy prevention programs;
- a community steering committee to prepare grant proposals and oversee subsequent program operation;
- a coordinated multidisciplinary approach that used the full range of community resources;
- a potential to develop new resources to fill gaps in current service systems;
- funding from other sources;
- a potential for replication; and
- an intent to assess measurable outcomes and performance and conduct a sound evaluation.

The programs began in the spring of 1988.

The dropout prevention program was passed by the legislature to target twenty five school districts with the greatest need, which was determined by looking at poverty concentration, student test scores, and dropout rates. The districts were to develop appropriate dropout prevention programs focusing on the collaborative efforts of schools, community agencies, and local businesses. In the first year of operation (1987-88), a total of $675,000 was provided in challenge grants to the targeted districts.

The legislation required the state board of education to adopt policy and create systems to identify at-risk students, develop appropriate services for them, and coordinate the efforts of the various states agencies that serve them. The activities supported by the grants complied with state policy that called for local districts to:

- identify those students at risk of academic failure and dropping out;
- use the state's uniform definitions and data collection system, count the number of school dropouts, establish baseline information on student enrollment, and monitor the data annually; and
- conduct a needs assessment and comprehensive planning process to develop a districtwide prevention strategy involving community, regional, and state service providers.

During the 1988-89 program year, $810,000 in grant funds will be available to the targeted districts to implement school based prevention strategies and direct intervention programs in conjunction with other education, social service, employment training, and health providers. At Risk Interagency Teams at the state level coordinate the youth service agencies.

FLORIDA. Florida's recently completed adult literacy plan was mandated by the legislature to organize systematic state and local responses to adult illiteracy. The plan, which was produced by an interagency team that included members of the voluntary and private sectors, calls for the annual submission of local literacy plans. These plans must indicate how public and private efforts will be coordinated and what program evaluation criteria and procedures will be used to ensure accountability. The initiative sought to rectify the lack of coordination among state agencies that characterized previous literacy efforts.

ILLINOIS. Eighty percent of the chronic truancy among Illinois students is concentrated in fewer than 120 of its 1,000 school districts. These school districts are located mainly in four metropolitan areas. With the support of the Governor, the state board of education organized regional coalitions composed of business, education, and community

> *"It is never too early and never too late to learn. . . . We do not drop people out of our school systems . . . ; we keep people in . . . and bring people back so they can earn a diploma and a decent living for themselves and their families."*
>
> RUDOLPH G. PERPICH
> Governor of Minnesota

groups in areas that had the highest student attrition. Each coalition was asked to determine the nature of the school dropout problem in its area and to make policy and program recommendations for state action.

While each coalition made recommendations that were specific to its own locality, they identified some critical roles for state government that were keys to all their efforts. These roles included funding early dropout prevention activities, developing an evaluation and accountability system for dropout programs, and studying local revenues lost due to school dropouts.

Illinois also has developed collaborative mechanisms to focus on literacy issues at the work site. The Literacy Council has formed a Business and Labor Advisory Committee to provide guidance on ways businesses and labor organizations can be involved in local literacy programs. A recent publication, *TOWARD A MORE LITERATE WORKFORCE: THE EMERGENCE OF WORKPLACE LITERACY PROGRAMS IN ILLINOIS*, highlights approaches used by local literacy providers, employers, and unions to make basic skills programs available to workers.

NEW HAMPSHIRE. The Governor recognized that the welfare population could move into employment only if the state's welfare reform program provided recipients with the skills needed to meet the requirements of New Hampshire's employers. He created a special committee of state agency heads and private sector representatives to coordinate interagency activities to ensure that state training programs would respond to the diverse needs of the state's population and economy. The committee is responsible for implementing "one-stop shopping" to better coordinate the state's forty-one publicly funded employment and training, vocational training, vocational rehabilitation, and education programs that are included in the state's welfare reform initiative. The committee is working to place staff of various agencies in single locations, develop common data elements to be collected by agencies, develop uniform criteria and a common form all agencies can use to make interagency referrals, and develop promotional materials to be used across agencies. A welfare case management system is being established. One agency is being designated to provide assessment services for all clients.

NEW JERSEY. The beginning of federal fiscal year 1988 marked the start of New Jersey's welfare reform program, Realizing Economic Achievement (REACH). The program, which will operate throughout the state by 1989, represents a substantial state investment. REACH is designed to remove barriers to employment by providing child care, training related benefits, and Medicaid benefits for program participants through their first year of employment.

The department of human services sought the help of the State Job Training Coordinating Council, the National Alliance of Business, local private industry councils, and other business groups to ensure the availability of the needed support systems, including training and education. The job training council set up a Welfare Reform Task Force, which recently developed a marketing campaign targeted to New Jersey employers. It promotes REACH as a potential source for qualified employees. An early result of this collaboration was an agreement with casinos and hotels in Atlantic City to hire 5,000 REACH participants during the next three years.

NEW YORK. For the past three years, New York has operated an interagency state-local partnership to tackle the adolescent pregnancy and parenting problem. With legislative authorization and a multimillion dollar appropriation, the Governor's Council on Children and Families assembled an interagency team drawn from six state agencies to operate the Adolescent Pregnancy Prevention and Services Program (APPSP). At the heart of the program are community service projects funded with contracts approved by the interagency team. Through the service project planning process, service providers and public and private organizations in a given community develop a joint proposal for funds. The proposal must focus on how their services are interconnected and define what gaps they will fill.

Although the state interagency team exerts considerable authority over funding decisions for community programs, the law designated the department of social services as the contracting agent in order to minimize the red tape that could otherwise ensnare a community having to comply with and report according to multiple agencies' contracting rules.

Once a community is awarded a contract, the team provides technical assistance to and oversight of all phases of plan and program development. This strategy permits communities to fully maximize state and local resources and services, it forces state agencies to address the issues of disparate rules, it helps to forge alliances, and it supports the integration of existing resources.

Team members spend considerable time each month in deliberative and decision-making meetings, in providing technical assistance, and in on-site monitoring of community service projects, yet they are not officially detailed to the council. They remain as employees of their individual state agencies so employee performance appraisal systems do not become murky.

TEXAS. The Youth Opportunities Unlimited (YOU) program is not a new initiative, but it exemplifies the importance the NGA Barriers initiative placed on integrating resources and services in a prevention strategy. YOU is a university-based summer education and work experience program, an eight-week total immersion experience for disadvantaged potential dropouts, aged fourteen to fifteen, who are entering the ninth and tenth grades. The program draws on a wide range of support services and operates on twelve campuses with approximately 1,200 participants each summer.

The program represents the collaborative effort of the Texas Educational Agency, the Department of Community Affairs' JTPA division, and the Texas Higher Education Coordinating Board. The last administers the program and coordinates the recruitment and sponsorship of students through private industry councils statewide. Participants earn academic credits authorized by the Texas education agency and are paid for their work with JTPA Title II-B funds. Academic services are supported with JTPA Title II-A funds.

From 1984 to 1987, approximately 90 percent of those enrolled completed the program and 100 percent of these returned to school the following fall. More than 90 percent demonstrated significant gains in achievement, and 90 percent of the summer 1984 participants went on to graduate from high school. The normal dropout rate for Texas students with similar socioeconomic characteristics is more than 50 percent. More than half of the 1984 participants who graduated from high school attended college, usually at their former YOU campus.

The program is testimony to the viability of a coordinated prevention strategy. The state's exemplary dropout prevention program coordinates and concentrates resources and services from federal, state, local, and private agencies to meet the needs of dropout prone youth. This clearly contributes to its success.

"The most important investment a state can make is in its human resources. And the best time to make that investment is at the front end of a person's life."

BOOTH GARDNER
Governor of Washington

VIRGINIA. Virginia approached the problem of coordinating disparate public and private initiatives in adult literacy by responding structurally. With the Governor's support and under the personal direction of the commonwealth's First Lady, Virginia created two new entities to strengthen services statewide. The State Adult Literacy Committee, composed of agency representatives, is responsible for coordinating public efforts. The goals are to double the enrollment in adult literacy programs of dislocated workers who function below a high school level and to increase enrollment in English as a Second Language programs to give those with English-language deficiencies the opportunity to develop language skills needed for employment. The Virginia Literacy Foundation is responsible for coordinating private efforts and providing grants to local groups. The foundation's board is composed of literacy providers, fundraisers, prominent citizens, legislators, and others.

VIRGIN ISLANDS. The Virgin Islands has established the Governor's Drug Policy Board composed of nine members, including representatives of seven local agencies and two federal agencies, to develop an approach for attacking drug trafficking and abuse. The strategy will include law enforcement, drug testing and treatment, prevention, and education. Drug testing will focus on identifying drug abusers among arrestees and making decisions about conditions of pretrial release, probation, and parole.

WASHINGTON. Putting the pieces together exemplifies the Governor's human resource strategy in Washington. The state has become increasingly concerned about the number of school dropouts and the lack of preparedness of high school graduates. The Governor believes that the school dropout problem cannot be solved by fixing a single program; instead, the condition of the schools and the students' families must be improved as well. Thus, this state links its welfare reform agenda to education reform.

However, the initiative recognizes that even school restructuring (described more fully in NGA's *RESULTS IN EDUCATION 1988*), while essential, is still insufficient. Therefore, the state has enacted a preschool program for all at-risk three- and four-year-olds. This will involve an estimated 20,000 children. (Head Start currently serves 2,000.) Another part of the initiative includes an intergenerational strategy to provide adult literacy training services to the parents of at-risk preschoolers.

The Governor created and, with the chair of the state's Business Roundtable, heads a task force to improve the information base about school dropouts. Even though school districts have been required since 1986 to report dropout rates by race, sex, and name, little progress had been made on the data collection. The task force will verify the dropout numbers; release the numbers to the general public; identify the problems and consequences of dropouts to the public; and encourage communities to examine dropout reduction strategies. The first preliminary report showed that one of the largest districts had a 50 percent dropout rate.

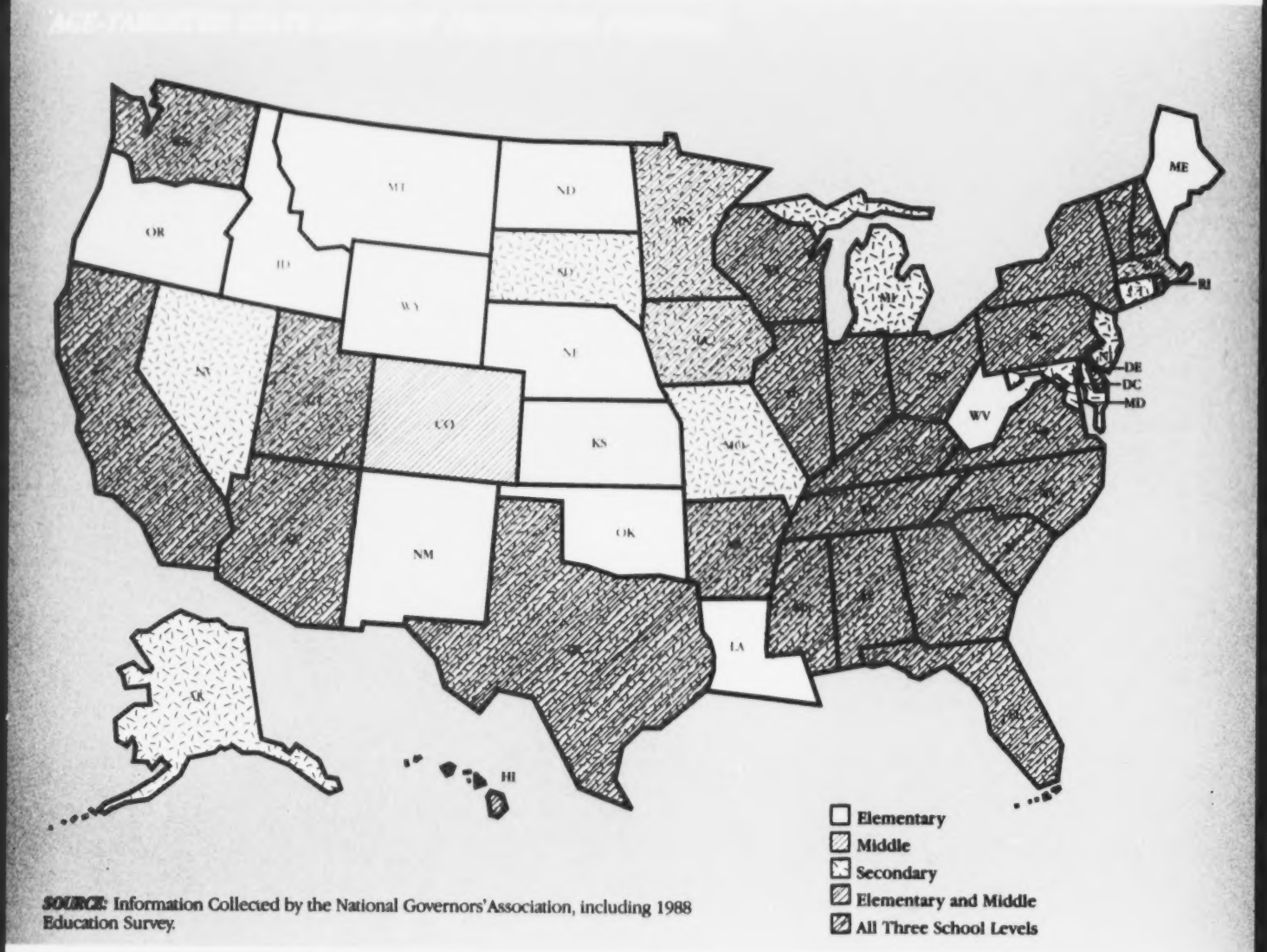
The Governor plans to redeploy a $5.2 million "first generation" dropout initiative and has asked the legislature to support a summer residence program on college campuses to replicate the successful Texas YOU program *(see this page)*. He also will support legislation to pay high school students for tutoring at-

risk middle and high school students and to monitor their progress. There are plans to emulate New York's guaranteed scholarship program by creating a new public-private organization.

The Governor's goal is to reduce the dropout rate to 10 percent by the year 2000.

Substance Abuse Efforts. State efforts to tackle alcohol and drug abuse frequently involve collaboration with local law enforcement and judicial officials. **Alabama,** for example, formed the Drug Abuse Policy Board to coordinate the substantial but diverse efforts of state and local governments in the fight against drugs. **Arkansas** developed a comprehensive Early Intervention Project with a direct connection to the juvenile courts so that the behavior of youth returning to their respective communities can be monitored, and so the system can identify dysfunctional families that need further assistance.

MAP 3



SOURCE: Information Collected by the National Governors' Association, including 1988 Education Survey.

Delaware established a drug task force to enhance coordination and initiate large or multijurisdictional operations. Law enforcement staff will be loaned and moved around the state. More money will be focused on overtime and "drug buys." **Hawaii** launched a coordinated federal, state, and county interdiction program aimed at uncovering methods used to ship drugs to mainland destinations.

Kansas' State Board of Regents established a university task force on drug abuse to conduct hearings and develop a plan to prevent and reduce drug abuse on college campuses. **Michigan** established the Southeast Michigan Conspiracy Investigative Organization (SEMCO) law enforcement team aimed at identifying and apprehending the highest level importers of illegal drugs to the United States. **South Carolina** formed a sixty-

member strike team of law officers from four state agencies. Called Retaliation Against Illegal Drugs (RAID), the team aims to unify efforts and resources in the fight against illegal drugs and alcohol abuse, to suppress the open sale and use of drugs, to reduce demand, and to disrupt the street level use and sale of drugs.

Tennessee established local judicial district task teams to attack major drug traffickers and a state Organized Crime and Narcotics Program to form an investigatory unit capable of tracking hidden assets and investigating and apprehending drug offenders. **Washington** established regional task forces in a cooperative effort by local, state, and federal agencies to attack drug trafficking. Finally, **Wyoming** established five regional task forces. The state's division of criminal investigation will contribute two agents, equipment, and operating funds. These resources will be supplemented by similar contributions from the law enforcement agencies in each region.

Ensure Results

The Barriers report also recognized that one of the challenges to changing the way states do business is to develop new accountability systems. Establishing measurable goals is important, but that alone is insufficient. Statutes, regulations, and management systems must be reviewed and new forms of incentives must be built into prevention initiatives.

Unfortunately, weaknesses abound in the information and reporting systems of many human services programs. It will often be necessary to develop modifications to ensure they are structured to allow for more comprehensive program management and analysis capacity and an increased capability to track the progress and results of prevention initiatives.

Hard data and evaluation have multiple payoffs. States are making progress in this area.

ARKANSAS. The Arkansas Home Instruction Program for Preschool Youngsters (HIPPY) is still relatively new, but it is showing positive results for young, low income, at risk children and their parents. HIPPY is a home based education program in which the child is taught by a parent. A trained paraprofessional provides parents with daily twenty minute lessons to do with their children. Currently, HIPPY is available at ten sites, and plans are under way to open four additional programs in a six county area in September 1988. Of these fourteen programs, seven operate through school districts and seven through community-based organizations with varied private and public funding.

Pre- and post evaluation testing is an important part of the program. The results in one school district are typical: in a nine month period, the average developmental gain was thirteen months overall and twenty two months for language skills. In another area, of the fifty-five children who began HIPPY in its first year, only one entered first grade educationally at risk, as determined by the Early Prevention of School Failure test. And in one program, eighteen of thirty-nine mothers voluntarily asked to enter literacy training and/or further their own education in another way.

"Our concern is not merely to alter statistics or cold, hard numbers. Our goal is to make sure that all of our children have the tools they need for the future."

JOHN H. SUNUNU
Governor of New Hampshire

CONNECTICUT. During the past year, the education department began phasing in the Connecticut Applied Performance Program to ensure that the content of adult education programs will enable graduates to function effectively within the state's rapidly changing economic and social environment. The curriculum and assessment strategies in adult basic education and English as a Second Language programs are based on the skills and abilities local community and education leaders have identified as necessary to meet the demands of life. All communities are expected to begin implementing competency based adult basic skills programs by 1991.

DELAWARE. The department of health and social services has initiated a pilot medical program to study whether the lack of adequate medical coverage is a major factor causing former welfare recipients to return to the welfare rolls. The state provided $200,000 to contract with a health maintenance organization to provide seventy-five families regular medical coverage for one year. To be eligible, families must be losing Medicaid eligibility due to employment, must earn no more than 185 percent of the federal poverty level, and must be employed in jobs with no health insurance coverage. To assess the program, monitoring reports are evaluated, including data on enrollee demographics, their employers, and their utilization of medical services. A telephone survey of program enrollees gathers more information on the program's success or failure and client satisfaction level. Data for program enrollees and a comparison group will be combined with population and public assistance participation and cost data to develop a methodology for projecting the program's effects and cost.

ILLINOIS. Illinois' Project EDGAR (Efficient Data Generation Aiding Recordkeeping) is strengthening accountability systems throughout the state's adult literacy provider network by providing a database management system to track student achievement, referrals, and completions, as well as demographic and other information. The system also permits recording of program information on tutors, instructional materials, and type of program. EDGAR has proved useful in improving the quality of instruction and generating statewide statistics.

MAINE. Additional support for People in Retraining and Education (ASPIRE) was designed to create a bridge between AFDC recipients and the economic mainstream. A participant begins by entering into a contract that defines mutual obligations between the recipient and ASPIRE. A case manager is assigned to each client to ensure that the participant's needs are met by the program and that the participant follows a specific course of action. Counselors assess the participant's skills and goals to mutually construct a plan to secure needed social skills, education and training, job placement, and job retention. Cases are reviewed monthly by human services and labor department staff. The results are then reviewed by the commissioners of those departments. An outside firm will conduct an independent evaluation of ASPIRE.

MINNESOTA. In 1976, Minnesota institutionalized the statewide use of measurable goals and accountability mechanisms by requiring that each local school board adopt a written planning, evaluation, and reporting policy. In 1987, legislation was passed to strengthen the reporting requirements at the local level.

This policy must establish instructional goals and measurable learner objectives for the district, a process for achieving the goals, and procedures for evaluating and reporting progress toward the goals. In formulating policy, the school board is encouraged to consider the number of school-age dropouts and the reasons they dropped out, and existing district programs for and the programmatic needs of dropouts and potential dropouts.

Four times during the school year, a student's progress in communications and mathematics must be measured. Insufficient progress in either area requires a remedial treatment plan that involves the student's parents. Funds are allocated to the state education department to coordinate the policy and to provide technical assistance to local school boards.

"We must make our schools and playgrounds drug-free, find ways to improve the performance of low achievers and dropouts, and reduce teenage pregnancies."

HENRY BELLMON
Governor of Oklahoma

NEW YORK. Three years after the Adolescent Pregnancy Prevention and Services Program (APPSP) was implemented *(see page 19)*, an outside evaluation was conducted. It assessed both the progress and results of this unprecedented effort at interagency coordination and state-local partnership to deliver services to teens.

The evaluation findings and the candid reassessment it engendered among the staff of the Governor's Council on Children and Families led them to refine the program and procedures. Their most important revisions included changing contracting procedures with communities to alleviate breaks in funding from year to year and streamlining the contract review process; instituting a client data collection system that captures consistent data across programs in a community and permits better analysis of the types of clients helped and the services offered; and instituting specific ways to measure behavioral changes among youth served and to measure pregnancy and parenting rates and related indicators. Thus, New York is on the way to effecting a true accountability system in its Community Service Projects.

OHIO. Linking welfare resources with resources administered by different agencies is part of Ohio's welfare reform strategy. An interdepartmental Welfare Reform Work Group collaborates to pool and retarget resources. For example, while local JTPA service delivery areas (SDAs) generally were attracting a representative number of welfare recipients, an in-depth analysis revealed that only about 2[7] percent were single heads of households with children under age six. The work group took advantage of the gubernatorial authority provided under JTPA to shift the weights in the performance standards; now 20 percent of incentive funds are distributed on the basis of SDAs' success in attracting into their programs AFDC mothers with young children and other "hard to serve" welfare clients.

JOBS, GROWTH, AND COMPETITIVENESS

"We know that we cannot succeed in the future without a better educated population. The entire workforce, from chief executives to apprentices, must have more knowledge than ever before."

ROBERT D. ORR
Governor of Indiana

The second component of the Making America Work initiative was the report of the Task Force on Jobs, Growth, and Competitiveness. This report examined the economic issues facing states and the nation. It concluded that the United States' future competitiveness will depend on the ability to increase productivity, reduce the federal budget deficit, establish equitable trade relationships, and minimize economic disparities among states and regions.

To achieve these national goals, the Governors proposed a Framework for Economic Opportunity — a blueprint to revitalize the American economy through fifteen interrelated state specific strategies and four federal action recommendations.

Specifically, the task force recommended that states:

- develop productive workers;
- create efficient workplaces; and
- support responsive communities.

Over the past year, states have enacted policies and programs to follow up on these recommendations. Many of these new initiatives are described on the pages that follow.

Increase Program Flexibility and Responsiveness

During the past year, states have implemented a variety of programs that attempt to encourage economic change within firms and communities. These strategies often involve partnership arrangements between the public and private sectors to support both long-term investments in basic education and shorter-term, more market-oriented training and retraining programs. Programs have been designed to offer enormous flexibility in program services and eligibility to accommodate the needs of individual firms and workers.

A number of initiatives seek to increase the efficiency of worker assistance programs in facilitating the rapid reemployment of dislocated workers. These include ties to the unemployment insurance system to provide alternatives to layoffs and to promote readjustment, as necessary. States are experimenting with nontraditional financing arrangements that direct funds to employers and workers, rather than educational institutions, thereby enabling consumers to purchase training services tailored to their needs. This development, as well as the creation of quasi-public or independent organizations, has placed the locus of control outside traditional executive branch agencies and the education establishment. In this new environment, traditional approaches to ensure an adequate return on public investment are no longer adequate. As a result, states have experimented with new strategies to ensure accountability among both the providers of training and the employers and workers who are the beneficiaries of such training.

MAINE. The Governor has used his planning and coordination authority under the Job Training Partnership Act as the starting point to develop a statewide human resources development plan that utilizes federal, state, and local resources to support a comprehensive and coordinated employment and training system. The new Maine Human Resource Development Council will help implement a unified, multiagency, cooperative approach to the delivery of education, skill training, and employment-related activities. The goals are to link economic development more closely with human resource development needs, to improve interagency coordination at the state and regional levels, to eliminate duplication, and to create opportunities for groups that traditionally face barriers to employment.

MICHIGAN. In February 1987, the Governor's Cabinet Council on Human Investment was created. The council's charge was to identify and evaluate all existing, pending, and proposed state and federal human investment programs, and to work closely with the private sector to ensure that state human investment strategies meet the needs of Michigan employers. As a result of the council's initiatives, a comprehensive strategy for increasing the skills of Michigan's workers has been developed and is now being implemented.

In spring 1988, the state's Adult Literacy Task Force, a partnership of fourteen state departments and IBM, issued its plan for moving the state toward the goal of an integrated job training system with common definitions and measurable outcomes — that is responsive to the needs of the individual. The plan, Countdown 2000 — Michigan's Action Plan for a Competitive Workforce, responds to the need for higher educational levels demanded by modern jobs and redefines literacy to include work-readiness skills required for entry-level jobs. At the same time, the Governor's Commission on Jobs and Economic Development recommended a set of academic and employability competencies needed by the future workforce, benchmarks that should serve as the basis for assessing program performance and participant readiness for the workplace.

Once these recommendations are implemented, the state will provide every Michigan adult with the opportunity to improve his or her skills through access to the state's nearly sixty education and job training programs. Using the Michigan Opportunity Card, which resembles a bank card, individuals will have access to skills assessment; an inventory of job training and human investment services available in a particular area; an individual plan of action for acquiring additional services; referral to the training and education services necessary to attaining identified goals; and access to job placement assistance. An assessment instrument to be used across programs is now under development.

The infrastructure of the system will be provided by the Michigan Human Investment Fund. The fund, a joint venture of the private sector and the state departments and agencies involved in job training, will develop a uniform set of standards to measure program outcomes, a systemwide outcome reporting system, and a computerized communication system to track client, program, provider, and financial information.

In addition, the Governor has proposed two complementary programs to help workers achieve employment success.

- The Michigan Modernization Service will expand its assistance to hundreds of businesses by helping workers obtain training to upgrade their skills in using advanced technologies.
- The Michigan Skills Fund, a $100 million revolving loan fund, will offer short-term, interest-free loans to Michigan businesses seeking to retrain their employees.

NEW JERSEY. At the time of last year's report, the Governor's Task Force on Employment Policy had just begun its work. The task force has since issued a report, *NEW JERSEY'S EMPLOYMENT CHALLENGE: DEVELOPING A PRODUCTIVE WORK FORCE FOR THE FUTURE*. The report contains a number of practical recommendations for moving the state's employment and training system toward meeting the varying needs of individuals through a continuum of services including developmental education, retraining, and support services, such as day care and transportation. Such a system would improve and streamline current institutions and programs. It would establish active ties to economic development efforts in the state and nurture a full and equal partnership between the public and private sectors in the design, operation, financing, and evaluation of programs.

Specific policy recommendations include:

- expanding the role of private industry councils established under JTPA to provide effective leadership in the development of the broad continuum of employment and training services needed;
- enhancing state efforts related to adult literacy and at risk youth, and experimenting with the use of unemployment insurance tax revenues to create an employment and training fund; and
- developing a common set of intake, vocational assessment, and performance standards for all state funded programs in the employment and training system.

Some of these recommendations have already begun to be implemented. The Governor has created an independent State Commission on Employment and Training to provide a unifying direction to the employment and training system. The commission replaces the state's Job Training Coordinating Council established under the Job Training Partnership Act.

In addition, the state is experimenting with a coordinated effort by the employment service, unemployment insurance, and employment and training systems to identify displaced workers early in their unemployment in order to accelerate individuals' return to work and thereby reduce the amount of unemployment insurance benefits collected by individuals. Under the New Jersey Unemployment Insurance Reemployment Demonstration Project, the state is testing three packages of services: job search assistance; job search assistance combined with training or relocation assistance; and job search assistance combined with a cash bonus for early reemployment. The preliminary results of the reemployment demonstration indicate that such efforts can reduce the number of weeks of unemployment experienced by individuals and the amount of unemployment benefits paid to individuals.

The Governor proposes to test still another strategy for expanding opportunities for worker education and training. A special Worker Self Investment Fund will be created on a five year demonstration basis to provide grants to help working people pay the tuition and fees of approved education and training programs teaching needed new skills. The grants will be adjusted according to an applicant's income.

RHODE ISLAND. Workforce 2000 is aimed at enhancing the competitiveness of Rhode Island businesses by improving the productivity of the workforce. The program includes work-site literacy programs to improve the capabilities of employees on the job and provide them with a means to advance; specialized training and retraining to meet the specific needs of existing businesses and to allow workers to upgrade their skills to compete for quality jobs; and assistance to dislocated workers, focusing on first-time welfare applicants to end the cycle of dependency at its inception. In developing the program, the state first conducted a study to determine the types of skills workers of the future are likely to need, the nature of the skill base already existing, and the kinds of programs needed to meet future demands. As part of this initiative, the Workforce 2000 Council acts as an agent to persuade businesses to come together to focus on their human resource needs. It further aims to develop ways to upgrade the skills of the underemployed and those not in the workforce to meet changing employment needs and to work effectively with the state's economic development program to meet the needs of existing firms in Rhode Island and to attract new companies into the state.

Job training under Rhode Island's Workforce 2000 will be financed by a surcharge on the unemployment insurance tax paid by businesses and $500,000 in general revenue funds. The new tax would be a maximum of $12 per employee per year and would raise up to $4 million annually. California's Employment Training Panel and Delaware's Blue Collar Jobs Act use a similar financing arrangement.

Reorient Training to Reinforce Economic Growth

A number of other states also have begun to experiment with ways to use the unemployment insurance system not merely as income support to tide people over during periods of unemployment but as a tool to facilitate reemployment through training and employment services. Such experimentation has been conducted in national demonstration projects in four states.

Washington's employment security department is currently involved in four demonstration projects sponsored by the U.S. Department of Labor to study aspects of the unemployment insurance program. They include a reemployment bonus demonstration, an electronic benefits distribution project, an alternative work search experiment, and a self-employment demonstration project. The self-employment project will study the effect of providing dislocated workers with a lump-sum payment equivalent to their entire unemployment insurance entitlement to provide seed capital to start a business. Cash payments for this demonstration project will come from a federal grant rather than from unemployment insurance trust funds.

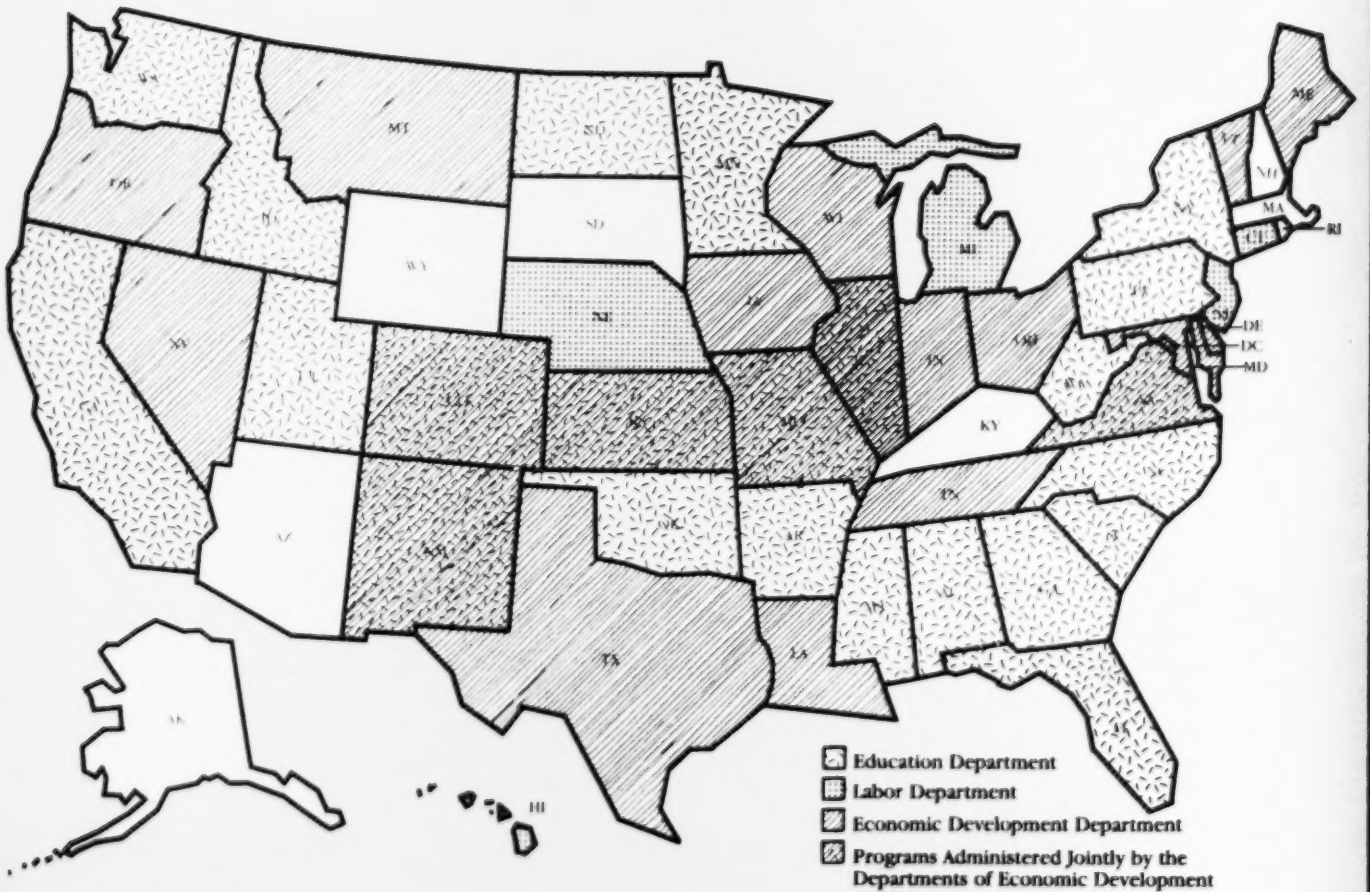
A number of other states will participate in another demonstration project to experiment with various incentives for encouraging unemployed workers to become self-employed. Under the congressionally authorized project, workers in these states will continue to be eligible for unemployment benefits even after they become self-employed. These and the Washington state projects are based on self-employment programs that exist in France, England, and other European countries.

> ***"We have to do more to make our people productive. You can have the best school system in the country, and if you recognize that 75 percent of the people who will be in the work force in the year 2000 are already there and, therefore, won't be touched by our educational reforms directly and that 25 percent of the kids in school now will drop out, it is obvious that we have to do more than simply improve our educational institutions."***
>
> BILL CLINTON
> Governor of Arkansas

Responsive Training. States also have found other ways to improve the quality of training and make publicly supported training programs more responsive to employer requirements. An ever increasing number of them support training programs as part of their economic growth strategy. These programs are designed to be responsive to employer needs to become or remain competitive in the international marketplace. Some state programs are specifically targeted to new and emerging firms and industries, while others are intended to serve workers at risk of losing their jobs because their skills are obsolete. The following map illustrates the diverse state-funded training programs currently operating in forty-five states, some housed in state economic development agencies, others operating out of state education or labor departments or independent and quasi-governmental organizations. (see *Map 4*)

ARKANSAS. Arkansas Industrial Coordinator program provides customized training programs that are developed and coordinated for business and industry. This program allows Arkansas' vocational technical education division to respond to immediate business training needs all over the state. In addition, Arkansas is targeting a portion of its industry training program to small and medium sized businesses and is expanding the program to focus on basic skill components and literacy. A special appropriation has been made available to state institutions of higher education to assist in the state's economic development and to encourage partnerships between higher education and the state's businesses.

MAP 4



SOURCE: Dr. David W. Stevens, Professor of Economics, University of Missouri at Columbia.

NOTE: Some states have multiple programs that are administered by multiple departments.

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HAWAII. This state recently joined the other states that support customized training programs. The Aloha State Specialized Training program (ASSET) has been funded at $250,000 for its first year. It will be available to new and expanding businesses, particularly those in high technology and growth industries, consistent with the state economic development plan for diversification.

MAINE. Maine's new Strategic Training for Accelerated Reemployment Program (STAR) enables workers who are unemployed or threatened with dislocation to obtain the education and training they need to secure quality jobs. Each participant will be provided with an employment plan based on an individual assessment, and a training voucher of up to $3,000 to cover tuition, books, and training materials, and reimbursement for dependent care and travel costs. In order to qualify, unemployed workers must register before they have completed their eighth week on unemployment insurance.

Vocational Education. States also have reexamined their vocational education policies to determine how state and federal investment can be redirected to address current and future labor market needs more effectively. Forty three states report that they have reviewed their vocational education policies within the last three years. In twenty six of these, the reexamination of such policies was a cooperative initiative involving the state education department, the state board of education, the Governor, the state legislature, or the state vocational education advisory council. Fifteen of these have shifted both federal and state resources from secondary to postsecondary education in order to accommodate the increased demand for adult training and retraining in large part caused by changing technology and workplace requirements.

Building on the increased emphasis on accountability within educational programs as well as a concern that state training investments be responsive to employer needs, three out of five states have established outcome measures for their vocational education programs at both the secondary and postsecondary levels. Performance criteria measure program completions, placements, often in training related employment; entry into advanced education or training; achievement of specified competencies, certification, or licensure; and labor market demand for occupations in which individuals have been trained.

ALABAMA. Alabama has established an accountability unit within its vocational education division to develop accountability standards for placement, enrollment, and occupational proficiency testing.

MASSACHUSETTS. Secondary and postsecondary programs must meet three specific requirements for program approval and funding support: a 90 percent completion rate; a 90 percent placement rate in jobs or advanced training for all program completers; and a 70 percent placement rate in training related occupations for all program completers.

MINNESOTA. The board of education is developing specific competency based learner outcomes to shape the curriculums in each secondary level vocational education discipline. Continued funding for vocational education courses will depend on meeting requirements for attainment of competencies.

NORTH CAROLINA. North Carolina's recent policy review resulted in the development of a vocational education curriculum and a testing program — both competency based — that have been implemented statewide.

OHIO. In Ohio, the policy review resulted in a decision to strengthen the basic academics related to vocational education. More than 1,000 academic and vocational teachers and administrators have received inservice training on methods to link vocational and academic education.

SOUTH CAROLINA. The state has mandated a 50 percent placement rate for all graduates of vocational education programs, and has committed $22 million for purchasing state of the art technical equipment for vocational education programs.

TEXAS. Texas has developed new courses, beginning in the tenth grade, to prepare students for clusters of related occupations. The new courses replace the old home economics and industrial arts programs. Courses that relate to specific occupations are offered only in grades eleven and twelve. These courses were updated to include current business and industry practices and technologies. A new "Principles of Technology and Applied Mathematics" cluster is being tried in a pilot project, as is a Life Management Skills course that is required for seventh and eighth graders.

WEST VIRGINIA. The state has developed new minimum enrollment and placement requirements; specified learning outcomes; and instituted a system to certify that competencies have been attained. To receive reimbursement for secondary vocational education course expenses, schools must maintain a teacher student ratio of one to fifteen and place 60 percent of the students who complete the course.

EFFICIENT WORKPLACES

In *JOBS, GROWTH, AND COMPETITIVENESS*, the Governors recognized that decisions made by small and large businesses, farmers, entrepreneurs, and others will largely determine the competitiveness of the U.S. economy. While states do not have significant control over these decisions, they nonetheless can affect them. To make workplaces more efficient and productive, the task force recommended that states:

- encourage the development and application of new technology;
- foster more efficient and productive employer/employee relations;
- help businesses identify and penetrate export markets; and
- provide technical and management assistance to new and small businesses to help them get started.

Stimulate Technology Development

The task force recommended that states stimulate technology development and increase the rate of technology transfer. A recent report by the National Association of State Development Agencies (NASDA) shows that states have continued to expand their efforts to promote the development of technology and technology-based businesses. NASDA's fifty state survey showed that forty-five states have established more than 280 programs explicitly designed to stimulate technological innovation. An NGA survey revealed that forty-one states now have an office responsible for promoting the development and application of scientific discoveries and new technologies (*see Map 5*).

"My message to all Michigan workers is this: if you want to obtain or keep good paying, quality jobs, you must increase your skills. Together with business, labor, the media, and our educational and training institutions, state government must persuade workers and employers that continuing education and retraining is vital and necessary to stay employed."

JAMES J. BLANCHARD
Governor of Michigan

ARKANSAS. The Governor allocated $1 million in oil company overcharge funds to superconductor research at the University of Arkansas. Researchers at the university are among the leaders in superconductor research, and the Governor provided funding for the work to pave the way for practical application of the new technology and to stimulate technology development in Arkansas.

NEW JERSEY. The Governor has proposed a $350 million jobs, education, and competitiveness bond issue. Of this amount, $65 million will be used to expand the state's advanced technology effort. Specifically, the funds will be used to expand a surface materials research program and to create an advanced technology center for photonics and a center for agricultural molecular biology.

OKLAHOMA. The Oklahoma Center for the Advancement of Science and Technology (OCAST) was established by legislation in 1987 to administer state science and technology initiatives. Its mission is to foster innovation in existing and developing businesses by supporting basic and applied research, facilitating technology transfer, and providing seed capital for innovative start up enterprises.

Five programs have been authorized: an applied research grant program; a center of excellence program; a health research program; an eminent scholars program; and the Oklahoma Technical Resources Network. The last is a statewide computerized information service that profiles the research expertise of the faculties of Oklahoma's colleges and universities.

VERMONT. The Governor used an executive order to create a Governor's Advisory Council on Technology. The council will develop and implement a strategy to help existing businesses adopt new technologies and to identify emerging industries that offer opportunities for the application of technology.

The Governors of the six New England states passed a resolution to establish a New England Technology Advisory Council that will coordinate resources to address issues of regional importance involving technological research, development, and commercialization.

MAP 5

☐ State Agency or Division within State Agency
☐ Quasipublic Agency
☐ Private Non-Profit Corporation
☐ Other *(e.g. university- or foundation-based)*

SOURCE: NGA Survey on the Structure and Function of State Science and Technology Offices, 1988.

Encourage Labor-Management Cooperation

Employer-employee relations have a major effect on workplace productivity. While such relationships are essentially private, the Task Force on Jobs, Growth, and Competitiveness maintained that states can play an important role in encouraging labor-management cooperation and in promoting increased employee involvement in decisionmaking. States can provide technical assistance and specialized training to labor-management committees, and conduct educational and awareness campaigns. They also can pass legislation that promotes employee ownership *(see Map 6).*

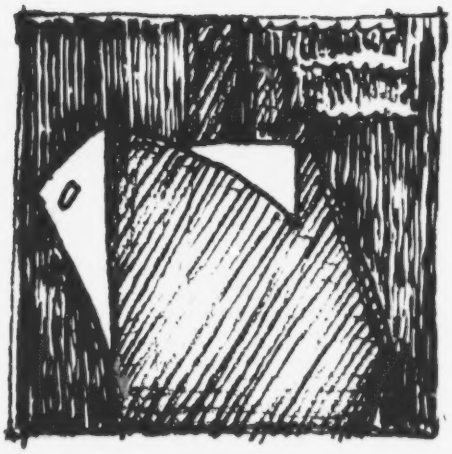
MAP 6

States That Promote Employee Ownership

States with Statewide Labor-Management Programs and Area Labor Management Committees

States with Area Labor Management Committees but No Formal Statewide Program

SOURCES: Cooperative Work Relations Program, Athens, Ohio, and Employee Stock Ownership Plan Association, Washington, D.C.



Promote State Exports

An increase in exports is critical to the future of many firms. The task force recommended that states promote exports by helping firms identify and expand international markets. Through trade missions, overseas offices, and the provision of technical assistance, states have actively sought to promote exports.

In 1987, for example, Governors from forty-three states and territories made eighty seven trips to thirty six different countries, nearly twice the number of overseas trips they made the year before. An important goal of these trips was to encourage U.S. exports. Several export efforts have been initiated as a result of these contacts.

ALABAMA. The Governor signed a trade agreement with the Taiwanese government designed to open that country's markets to Alabama products.

OHIO. State officials and officials from a Chinese province signed an eight point science and technology agreement.

VIRGINIA. The Governor signed a cooperative agreement with a French association of more than 7,000 small businesses to exchange technology and capital through joint ventures with Virginia businesses.

WASHINGTON. The state and Japan's Hyogo Prefecture agreed to a joint initiative to expand economic cooperation. The association's first joint venture is a Hyogo housing project that will be built primarily of Washington wood products and housing materials.

In addition to trade missions, states have continued to open new offices and promote exports among their small business communities.

MINNESOTA. Minnesota, for example, initiated two new programs this year. The first is the Minnesota Corporate Partnership for International Competitiveness (MCPIC). Under MCPIC, the state is working with large multinational corporations based in Minnesota to open trade offices overseas. The corporations provide free space and support services for the offices. Two offices have been opened so far, one in Hong Kong, where a Minnesota law firm has donated both space and the time of one of the firm's partners, and one in London, where the First Bank is housing an office with one employee paid by the state. An additional office will be opening shortly in Brussels. Corporate response to the program has been very good. The program allows the state to operate overseas offices at a very modest cost.

The Minnesota Export Promotion Campaign is an effort to encourage the state's firms to export. Based on a study that compared county exporting rates with national averages for countries with a similar industry mix, the state identified countries that were underexporting. Then an advertising campaign was initiated to encourage firms in these countries to export and to offer services to potential exporters. In the twenty countries where the program was tested, thirty five companies responded. Technical assistance was provided to these firms through Small Business Development Centers whose staff had received training from the Minnesota Trade Office. The program is now being expanded to other areas of the state.

> ***"America can be the cutting edge of high technology, but only if we fashion new alliances between public and private, between university and industry."***
>
> **RICHARD F. CELESTE**
> Governor of Ohio

In addition to recommending that states expand their individual export promotion programs, the task force recommended that states work with other states to promote exports. As part of a Great Lakes economic development compact, the Governors of **Illinois, Indiana, Michigan, Minnesota, Ohio,** and **Wisconsin** have endorsed an agreement that includes the creation of a new trade office to promote the benefits of locating and expanding businesses in the Great Lakes states.

The Governors of **Arkansas, Louisiana,** and **Mississippi** signed two cooperative agreements in a tri-state economic summit. The agreements call for the joint promotion of economic development and international trade, and improved quality of life in the region; and for the three states to promote friendly working relations with foreign countries in the areas of international trade, industry, technology, commerce, culture, and tourism.

Assist Entrepreneurs

The task force recognized that the nation's ability to translate innovative ideas into new products and processes depends in large part on the availability of affordable capital. States have continued to develop mechanisms to provide capital to businesses. In addition, states have continued to expand management assistance programs to provide entrepreneurs and small business owners with the tools they need to meet the challenges of a global economy.

> ***"If we make the right choices, we will have small towns that are healthy, cities that are thriving, (and) a state where quality, productivity, and superior education are a way of life and where our young people will want to establish a home and a career."***
>
> TERRY E. BRANSTAD
> Governor of Iowa

INDIANA. The Indiana Community Business Credit Corporation (ICBCC) was established to increase private financing of economic development. The corporation operates as a type of cooperative that allows member banks to make loans of higher risk than they would otherwise deem acceptable. ICBCC is a privately owned company in which Indiana financial institutions pool their money. It operates as a source of secondary financing.

MINNESOTA. The Greater Minnesota Corporation, a private nonprofit corporation, was established in 1987 to promote jobs and economic growth through applied research, technology transfer, and product development. The corporation is governed by a private sector board appointed by the Governor. It has statutory authority to make equity investments, participate in joint ventures, and provide both direct loans and loan guarantees.

NEW YORK. New York's Industrial Effectiveness Program is designed to improve the productivity and competitiveness of industrial firms by helping introduce new production processes, management systems, and labor practices. Jointly administered by the state's Urban Development Corporation and economic development department, the program funds feasibility and productivity studies, provides working capital loans, and assists in local buyouts. The program reflects New York's determination to enhance global economic competitiveness by raising production levels. This "producer strategy," which is based on the cooperation of private and public sectors to create more productive workplaces, is one of the themes of *THE CUOMO COMMISSION REPORT: A NEW AMERICA—FORMULATOR A STRONG ECONOMY*. The report was released recently by the Cuomo Commission on Trade and Competitiveness, a project of the New York State Industrial Cooperation Council.

OREGON. The Oregon legislature passed a bill authorizing an Oregon Capital Corporation to provide up to $50 million in equity capital. The state will provide $10 million in tax credits to investors in the corporation. In return, the corporation will be required to meet certain objectives for investment in Oregon businesses.

SOUTH CAROLINA. South Carolina has set up a business assistance office to provide technical and management assistance to the state's small and medium sized firms.

SOUTH DAKOTA. The Revolving Economic Development Fund (REDF), created through the imposition of a one-year, one-cent sales tax, has collected $40 million. In fact, the collections were shut down early by the legislature because the fund had reached its goal after only nine months. REDF provides loans of up to 45 percent of total project costs; an additional 45 percent may be borrowed from other sources; and 10 percent must be in the form of equity. The interest rate is 5 percent. So far, $8 million has been loaned and 1,500 jobs have been created.

VERMONT. The state established a new Northeast Center for Economic Development, which will serve a three-county area known as the Northeast Kingdom. The center, administratively located at Lyndon State College, will function as a coordinating agency and as a teaching center to train professional economic developers.

A healthy national economy is made up of strong local economies. The Governors recognized that efforts to respond to change and improve competitiveness must start in the nation's communities. Responsive communities are those that can anticipate change, respond to change, and most of all, grasp the opportunities created by change. States can help to create such communities by giving them the tools, resources, and opportunities to manage their own development. Three specific ways in which states can create responsive communities are by investing in infrastructure, targeting communities for development, and responding to economic dislocation.

Support Community Diversification

Recognizing that an adequate infrastructure is a precondition for a healthy and diversified economy, the task force recommended that states help their local communities develop and maintain basic infrastructure. Within the past year, a number of programs have been enacted.

IOWA. A new infrastructure program focuses on smaller communities with populations under 20,000. The Community and Rural Development Loan Program (CORDLAP) was passed in 1988 with a $4.05 million appropriation to provide such communities with low-income housing, public services, and public infrastructure.

KANSAS. The state has established a revolving loan fund to finance economic development related infrastructure. In addition to the initial $5 million appropriation for 1988, the fund was given bonding authority to provide additional resources in the future.

PENNSYLVANIA. PENNVEST is a major state program to underwrite water and sewer system improvements. Financed through a $100 million bond issue, it could provide as much as $3 billion to Pennsylvania communities over the next ten years.

TENNESSEE. The state's 95 County Jobs Plan will provide $50 million for infrastructure grants to local governments for projects needed to secure the location, expansion, or retention of a business.

VERMONT. In 1987, the state created the Special Environmental Revolving Fund to help municipalities finance water supply, water pollution control, and solid waste facilities. The legislation authorizes state loans of up to 100 percent to cover the costs of such facilities at a rate of interest ranging from 0 percent to not more than 80 percent of the average rate on bonds marketed by the state.

> ***"To compete in the global economy, America must unleash its staggering research potential and capitalize on the results."***
>
> **EDWARD D. DIPRETE**
> Governor of Rhode Island

Target State Resources

Given limited state resources, the task force recommended that states target their resources to help distressed communities and communities of opportunity. Several programs have been put in place over the last year.

CONNECTICUT. The Governor has requested $7 million for the state's Distressed Municipalities Program.

NEW JERSEY. Proposed last year by the Governor, the Neighborhood Development Corporation uses state financial and technical assistance to facilitate local, citizen-owned, for-profit corporations. The purpose is to bring jobs and economic development to New Jersey's urban areas by eliciting the efforts of the people who live there.

PENNSYLVANIA. Under the Community Economic Recovery Program, Pennsylvania has provided funds to two dozen communities to initiate economic development planning. The program helps distressed communities develop a strategy and identify priority projects. Once goals are identified, the state uses its full range of available development programs to move toward them.

VERMONT. Job development zones are the centerpiece of the state's targeting effort. In addition to providing tax incentives, the development zone legislation provides for preferential treatment of zone projects by a number of other state programs, including the Vermont Industrial Development Authority, the Vermont Job Training Partnership Act program, and the Vermont Training Program. State grants for water projects increased from 35 percent to 50 percent of project costs and for sewer projects from 25 percent to 50 percent.

VIRGINIA. The state legislature has appropriated $4 million for a new Communities for Opportunity program, a demonstration program in which the state will target an array of incentives and assistance programs to one multicounty region of the state.

Respond to Dislocation

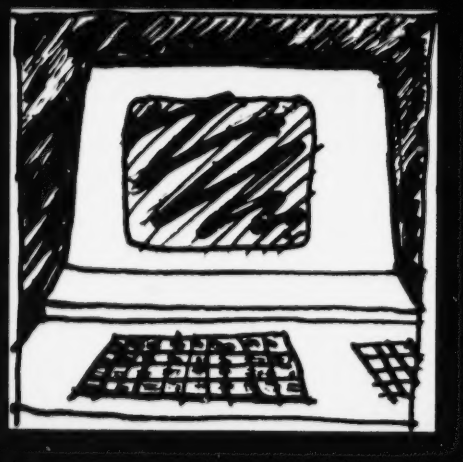
In *Jobs, Growth, and Competitiveness*, the Governors suggested developing strategies to target state resources to help distressed communities and communities of opportunity, and to develop a response capability to help communities and workers confronted by dislocation.

Nine states — **Colorado, Idaho, Iowa, Maryland, Michigan, New Jersey, New York, Ohio, and Vermont** — have begun using tripartite committees, made up of labor and management representatives and a neutral chairperson, to help workers and communities adjust to plant closings, workforce reductions, and other consequences of industrial change. Because the committee is permitted to design services to address the particular needs and circumstances of the situation, this approach results in more personal services for dislocated workers and more coordinated service delivery.

ILLINOIS. The major component of the Illinois system to provide readjustment services to dislocated workers is the state's network of nineteen regional dislocated worker assistance centers (DWCs). Located in nonprofit and training agencies throughout the state, the DWCs provide a full range of adjustment services, including personal, financial, and career counseling, vocational assessment, adult basic education, a range of vocational classroom retraining opportunities, on-the-job training, various participant support services, and relocation assistance.

MICHIGAN. The state's industrial adjustment officers, who have worked with five plant closings, stress the importance of preparing the committee for consensus-based decisionmaking and of letting the committee develop a sense of ownership of the results. For example, the state adjustment officer attends all meetings and assists the committee in processes such as designing requests for proposals, but lets the committee conduct interviews with potential service providers and make its own choice.

This approach also introduces other market forces to save money and increase the responsiveness of the programs delivered. Once needs are identified and prioritized by the tripartite committees, the committee can function in an oversight or case management role to hold service providers accountable for the services. The state also found that involving management and workers in financial and other decisions helps to maximize the availability of community and company resources in plant closing situations.



NGA FOLLOW-UP ACTIVITIES

One year has elapsed since the Governors issued the two *Making America Work* reports *BRINGING DOWN THE BARRIERS* and *JOBS, GROWTH AND COMPETITIVENESS* — and the state action agendas were advanced. The effort generated several important new activities at the National Governors' Association and provided new impetus to ongoing policy development and technical assistance.

Welfare Prevention. NGA has continued to work to encourage Congress to pass legislation that embodies the recommendations of NGA's Task Force on Welfare Prevention, which were adopted by the association in its welfare reform policy. Bills generally consistent with that policy have now passed both the House and Senate and were to be negotiated in conference in July 1988.

In response to the children's portion of the task force recommendations, NGA also has developed a children's policy seminar directed toward the Governors' chief policy and planning staff. The seminar will focus on policy and programs for children organized by age and will emphasize prevention. The first seminar will be held in September 1988. Also under development is a series of health seminars that emphasize prevention efforts. The first of the three seminars for Governors' staff will focus on children's health issues and will be held on October 3-6, 1988, in Santa Fe, New Mexico.

NGA produced a handbook, *FOCUS ON THE FIRST SIXTY MONTHS*, which profiled nineteen exemplary prevention programs around the country, and a follow-up handbook called *THE NEXT STEPS*. It details the development and implementation of several of the prevention programs mentioned in the first volume and includes state-by-state statistical indicators of children at risk.

State officials frequently request detailed information on other states' responses to the increasing demand for good, affordable child care. NGA plans to survey the states and a sample of counties and private sector employers in each state and publish the results in a report on the status of child care in the states. The survey will collect information for distinct age groups, including licensing, regulation, staff-child ratios, group size, market rates of care, estimates of supply, and recent initiatives on information and referral networks, subsidy and voucher programs, and incentives for employers.

School Dropouts. NGA's major follow-up to the activities of the Task Force on School Dropouts has been its work in assisting states with policy planning in the areas of dropout prevention and employment services for at-risk youth. Nearly every one of the states has made some progress toward developing strategies for improving school completion rates. Many have organized gubernatorial task forces or cabinet-level interagency planning teams; most have conducted or planned some type of statewide study to assess the nature and extent of the dropout problem; and a few have developed or are planning comprehensive state policy initiatives aimed at improving coordination and services. NGA has collected information on many of these activities to respond to numerous state requests for policy and program models.

NGA, the National Conference of State Legislatures, the Committee for Economic Development, and the Council of Chief State School Officers make up the Consortium on Education and Employment Initiatives for Dropout-Prone Youth. In 1986, the Edna McConnell

Clark Foundation awarded a grant to the consortium through NGA to plan and monitor a state demonstration project. Arkansas, Illinois, Michigan, and Wisconsin were selected through a competitive bidding process to receive demonstration grants. The project will demonstrate state efforts to developing strategies and policies to enhance the educational achievement and employability of potential dropouts, and to use this knowledge to benefit similar policy planning efforts in other states.

Each of the states received a matching grant of $45,000. The member consortium organizations provided technical assistance to help the Governor, legislature, chief state school officer and business leaders work together to conduct policy studies and develop state policy that could reallocate existing state and local resources to implement innovative projects for at risk youth who are still in school. The policy development process in the four states is described in the consortium's paper, "Planning for State Solutions to the Problems of Youth At Risk." The consortium members also recognized the need among state planners for information about creative and effective ways to finance dropout prevention initiatives. In partnership with the Education Commission of the States, a paper on *STRATEGIES FOR FINANCING STATE DROPOUT PROGRAMS* was commissioned. It provides some basic lessons about the way state dropout prevention and recovery programs should be structured and some alternative ways that these programs can be funded.

The NGA Center for Policy Research also is cooperating in a Dropout Prevention Policy Academy sponsored by the Council of State Policy and Planning Agencies (CSPAA). CSPAs academies are intensive twelve month interdisciplinary programs to help policy and planning staff develop and implement policy priorities set by the nation's Governors. States participate in teams made up of key individuals from the public and private sectors who are in a position to make and shape policy. Every state team develops a policy initiative and produces a two year plan.

"The basic thrust of my priorities can be summed up in one word: children. While we have to be concerned about today's problems, we also have an obligation to make the path straighter and smoother for succeeding generations."

CARROLL A. CAMPBELL JR.
Governor of South Carolina

Teenage Pregnancy. NGA is participating in a consortium with six other state based associations to build a State Center on Adolescent Pregnancy and Parenting. Recognizing the integral links between adolescent pregnancy, substance abuse, educational achievement, poor health outcomes for pregnant adolescents and their babies, dropping out of school, unemployment, and welfare dependency, the consortium's very existence acknowledges the need for a multi agency effort by the states to attack the problem. If consortium members can demonstrate that seven disparate state based organizations can work together effectively, the state agencies they represent will be encouraged to follow suit. Consortium members include the American Public Welfare Association, the Interstate Conference of Employment Security Agencies, the Association of State and Territorial Health Officials, the National Association of State Boards of Education, the Council of Chief State School Officers, and the National Conference of State Legislatures.

During a six month planning period in early 1988, a state competition was held to test technical assistance models. Among the selection criteria for scoring state applications were a demonstrated readiness for interagency collaboration to address adolescent pregnancy prevention and services as well as gubernatorial and legislative commitment to addressing the problem of teenage parenting. Arkansas, New Mexico, and West Virginia won the competition for three day on site visits by team members from the consortium. During the visits, state representatives from the departments of health, education, employment, human services, the Governor's office, and the legislature were assisted in developing measurable goals and formulating strategic plans.

When a consortium of foundations funds the State Center on Adolescent Pregnancy and Parenting for its full three to five years of operation, the center will offer not only an information clearing house on state and community programs that work, but also research synthesis and, most important, ongoing, on site technical assistance to at least six states per year.

Adult Literacy. During the last year, NGA has followed through on the Governors' adult literacy agenda by helping plan and serving as faculty to a CSPA Policy Academy on Increasing Literacy for Jobs and Productivity. As part of the academy process, Florida, Idaho, Massachusetts, Michigan, Missouri, North Carolina, Tennessee, Utah, Virginia, and West Virginia developed state literacy plans focusing on the use of state powers and resources to address this need. In addition, NGA cosponsored the second Annual State Literacy Conference held in Chicago, Illinois, on April 14 to 16, 1988. The meeting brought together state literacy coordinators and others from thirty-nine states to share information and provide mutual assistance on a wide range of policy and technical issues related to the design, planning, and delivery of literacy services.

Alcohol and Drug Abuse. After the Governor's task force report on alcohol and drug abuse was released, the federal government appropriated some $600 million for state and local governments to address these problems. The funds were authorized as part of an omnibus anti-drug legislative package passed by the Congress and signed into law by the President in October 1986. They were made available for law enforcement, drug abuse treatment, and education and prevention programs. States could use these funds to supplement their own resources in combating the substance abuse problem.

NGA provided states with a detailed analysis of the new legislation. In addition, it conducted two workshops on developing substance abuse programs and provided assistance on obtaining funding. States were encouraged to coordinate the three areas of drug funding through an individual in the Governor's office and to review the comprehensive strategy and three phases—public awareness and education, intervention and treatment, and interdiction and law enforcement—suggested in the task force report.

NGA staff have provided technical assistance to several states in developing model programs and in obtaining experts and staff to operate a substance abuse program. Staff from several Governors' offices have consulted with NGA staff about ways to attack their states' alcohol and drug abuse problems. NGA staff also have made field visits to examine programs in different states. Currently, staff continue to share information about what states can do to prevent and treat substance abuse and to provide technical assistance.

"Our choice is clear. We invest in our future through our children. Money invested in education is much like a seed planted. The gains are often seen only after the ground is cultivated, the plant nurtured, and the crop harvested."

RAY MABUS
Governor of Mississippi

Jobs, Growth, and Competitiveness. NGA has carried out a number of activities to promote the policy recommendations contained in the *JOBS, GROWTH, AND COMPETITIVENESS* report. Recent funding from the National Commission for Employment Policy will support the development of an evaluation system to assess the return on public and private investment in employee upgrade training. The first phase of the project will clarify the objectives of government financed, employer based training programs within the context of state economic development strategies. Phase two will entail field testing the evaluation design in companies that have received retraining funds under state programs. The project is a cooperative effort with the states of California and Illinois. At least one other state will be selected to participate in the project prior to the second phase.

NGA continues to manage a six state demonstration project to test the effectiveness of the Canadian Industrial Adjustment Service (IAS) approach to assisting workers, firms, and communities in adjusting to economic change. During the last year, NGA also has provided information and technical assistance to other states interested in implementing similar programs. NGA and the U.S. Department of Labor will cosponsor a national conference in October 1988 to help states enhance their worker adjustment strategies, including early warning, rapid response, and labor management committees.

A conference, "State Strategies in Training a Competitive Workforce," was held in Orlando, Florida, in May 1988. NGA cosponsored the conference with the Florida Sunshine Skills Corporation. Representatives from twenty five states explored issues related to the design and implementation of state funded worker upgrade and retraining programs. Topics included meeting the needs of small businesses, public private partnership governance arrangements, ensuring accountability and training quality, cross training and workplace literacy, and relationships with state legislatures.

NGA plans a major national conference, "A Productive Workforce: A Challenge for Postsecondary Education and Its Partners," on May 14 16, 1989. The session in Little Rock, Arkansas, will be cosponsored with the American Council on Education, the College Board, and the Council for Adult and Experiential Learning. The agenda will address three broad sets of policy issues:

- What kinds of education and training are most needed, how can they be delivered and financed, and how can accountability for the results be ensured?
- Who are the worker learners and how can they be enabled to participate in education and training and encouraged to improve their qualifications for the workplace?
- How can institutional barriers to the ongoing development of the workforce be overcome through changes in state policy and leadership?

Policy papers will be prepared preceding the conference. States will be encouraged to create state leadership teams to do state level fact finding and planning prior to the conference and follow up on plan implementation thereafter.

Two policy papers on state options for strengthening accountability systems in programs funded under the Job Training Partnership Act (JTPA) recently have been issued. "Using JTPA Performance Standards as a State Policy Tool" discusses ways states can adjust national performance standards, structure incentive and sanction policies, and provide technical assistance to support their policy priorities. "State Based Performance Standards Models for JTPA" explores both the benefits and costs states should consider in deciding whether to develop their own statistical models for setting performance standards for substate service delivery areas.

A Rural Development Task Force was established to develop recommendations regarding federal and state rural development policy. The task force will release its report at the Governors' 1988 annual meeting.

NGA is providing technical assistance to Governors on ways to target their development resources to meet the needs of distressed areas and disadvantaged individuals. The project is focused on the use of community development block grant funds for economic development.

On June 25, 1988, NGA held a forum, "Shifting Responsibilities: Economic Development in the 1990s." Participating Governors, U.S. senators, and economic development experts discussed new roles for the federal and state governments in promoting economic development.

NGA has published a report describing state supported small business innovation research programs and related state technology programs. A survey on the structure and functions of state science and technology offices also has been conducted.

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